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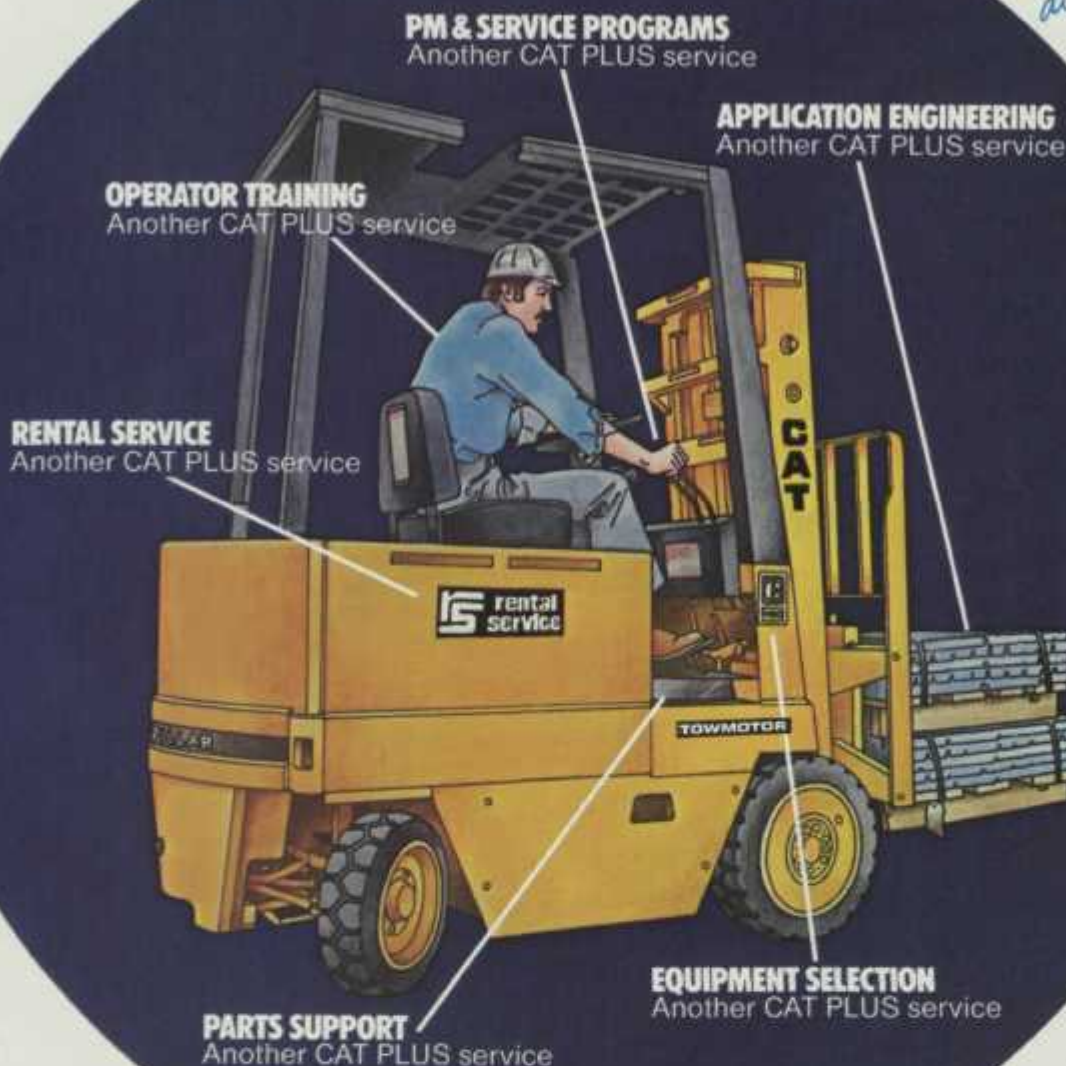
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# Nation's Business

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# Nation's Business

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*Cover photograph by Yoichi Okamoto*

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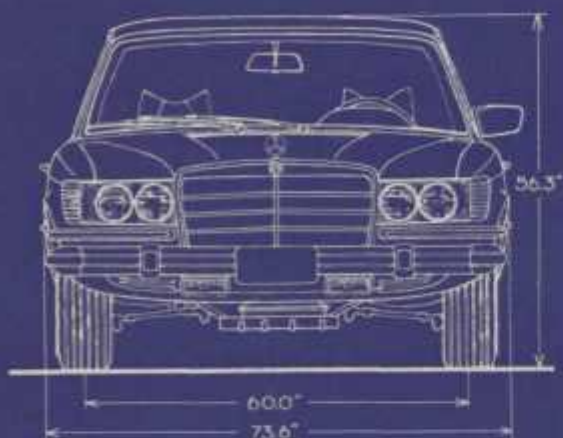
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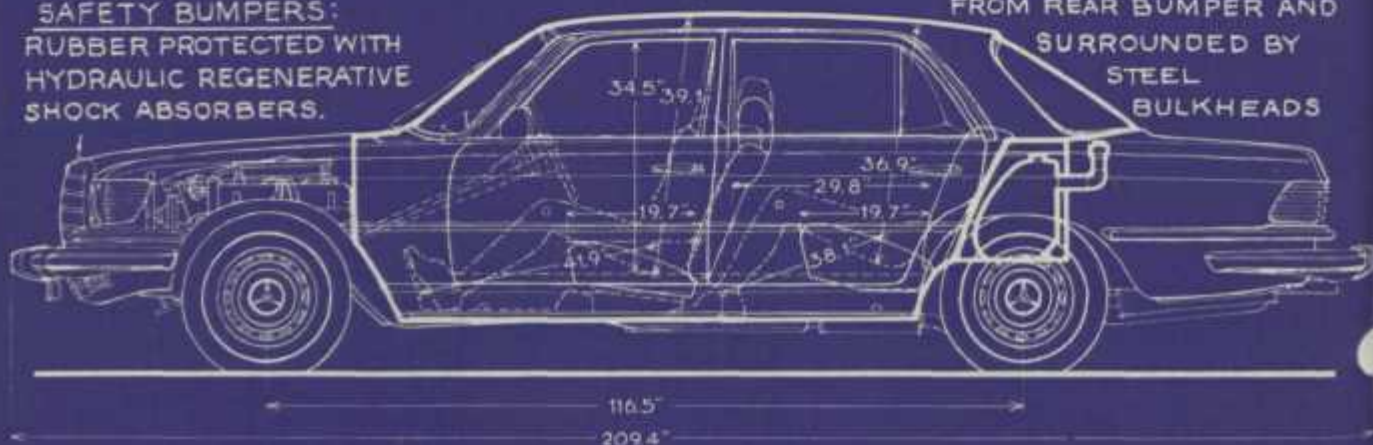
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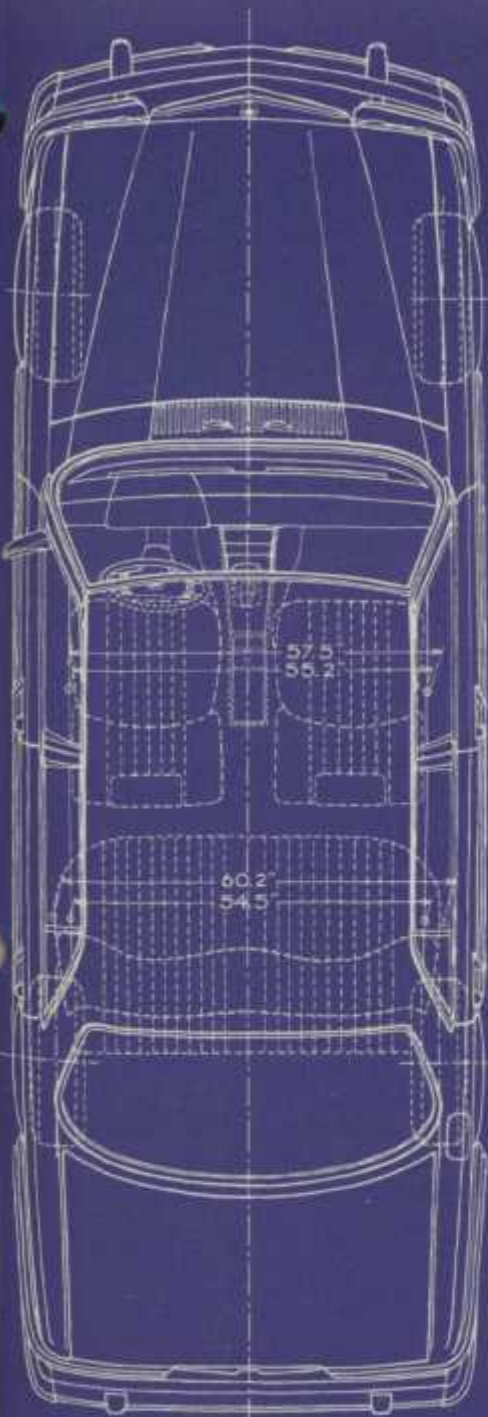


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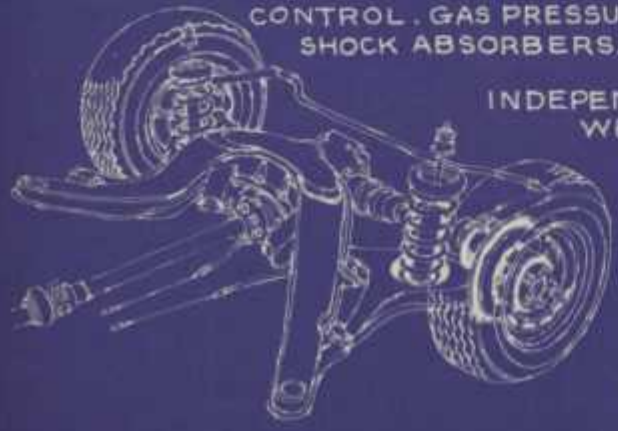
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# A Leadership Philosophy That Works

**D**r. Richard L. Leshner is the new President of the Chamber of Commerce of the United States. Dr. Leshner took over this chief operating position last month, succeeding Arch N. Booth, who retired after 32 years with the National Chamber.

Dr. Leshner, at 41, has a distinguished background.

He earned his bachelor's degree in business administration at the University of Pittsburgh in 1958 and his master of science in business at Pennsylvania State

for businesses, universities, and government agencies.

In 1971, he became President of the National Center for Resource Recovery, a joint industry-labor undertaking formed to mobilize and coordinate efforts to resolve problems of solid-waste disposal.

Now, as President of the National Chamber, Dr. Leshner has a new challenge, which he is well-equipped to meet with something even more than his experience in education and management. He brings to his new job a philosophy of leadership that has passed the test.

• • •

Dr. Leshner's years with NASA included the moon landing. "In my opinion," he says, "at that time, NASA was the single greatest organization ever put together in the history of man.

"The agency was led," Dr. Leshner says, "by James E. Webb, who was one of the best managers ever to set foot in this city [Washington], and that says a lot. Jim Webb held one philosophy, of many, which I have adopted and which I believe is critical.

"That philosophy, stated simply, is that the key to success and happiness is the achievement of a proper marriage between enlightened self-interest and the institutional interest.

"We have all known," says Dr. Leshner, "too many people in either extreme—the individualist who cares only about himself and nothing for the organization; and the few at the other extreme, who care only about the institution and who don't really have sufficient personal goals to provide self-motivation.

"Only through the proper marriage of institutional interests and enlightened self-interest do you have progress for the individual and for the organization. Only then do you have cooperation between all members of the team at all levels."

• • •

This is a philosophy of leadership and management that works. It worked in landing a man on the moon. It is what the National Chamber needs as it continues its life of service to business and to the nation. And it is what the nation itself needs as it enters a new era of progress and rebirth.

—KENNETH W. MEDLEY



University in 1960. He earned his doctorate in business administration at Indiana University in 1963.

He taught corporate finance, financial management, and investment management at Ohio State University. Also, he served on the faculty of the Ohio Savings and Loan Institute and the faculty of the American Bankers Association Mortgage Banking School.

For five years, Dr. Leshner was on the top management team at the National Aeronautics and Space Administration. He then went into management consulting



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## EXECUTIVE TRENDS

BY JOHN COSTELLO  
Associate Editor

# What It Takes to Be Happy in Your Work

Eight out of 10 executives are unhappy in their work.

And they've no one to blame but themselves, says Lon Shealy, Executive Vice President, Star Manufacturing Co., Oklahoma City, Okla.

It reminds him of a story.

A Chicago ironworker used to complain, almost daily, about the peanut butter sandwiches in his lunch pail. Finally, one of his buddies made a suggestion.

"Look," he said, "why in the world don't you tell your wife that you don't like peanut butter sandwiches?"

"That wouldn't do any good," the ironworker said.

"I pack my lunch myself."

Usually, Mr. Shealy says, executives are unhappy because of their own lack of foresight or planning.

He suggests they take a leaf from the tomato.

"If I were a tomato plant," he says, "and I had the choice of where and how to live my life, I would first pick a favorable environment—one in which I could grow and have good health.

"I would want to self-actualize; that is, have an innermost feeling that I was fulfilling my destiny, which I'd view to be producing nice, red, juicy tomatoes—in quantity.

"I would like to be planted in rich, nutritious soil in which I could spread my roots and seek my food sources. I would want my gardener to care about me.

"Also, he should have goals similar to mine."

What's sauce for the tomato, he says, is sauce for you.

That means, in starting or continuing a career, think through the selection of:

- The industry.
- The company.
- The location.
- The people.
- The person for whom you want to work.

If not, Mr. Shealy warns, you'll do what the lowly vegetable does.

Bear no fruit—or wither away.

## How Your Industry's Products Rate

Recreation is the best buy.

That's how most Americans feel, one survey seems to show.

Consumers were asked recently where you get the most value for your money. These eight "product categories" were mentioned favorably by the following percentages of those surveyed:

	Percent
Recreation	78.5
Home Furnishings	73.6
Foods	71.7
Medical/Personal Care	65.8
Transportation	63.5
Finance	61.5
Apparel	57.6
Home Maintenance/Utilities	53.0

Recreation covered lots more than a week at the shore in the survey, however. It took in TV sets, for example—black and white, and color.

Both ranked high as good buys.

## Opportunity Knocks Louder Than Ever

Like how much opportunity there is to start small—and grow big.

It's greater today than it was at the turn of the century.

Standard & Poor's says so.

Statistics show, it states, that the chances of starting a company that will rank among the country's leaders are better now than ever. For example, in the 1920s, '40s, '50s and '60s, more than 3,000 companies per decade were founded that are now big league.

By big league, it means manufacturing companies with sales in the \$1-million-and-up class, plus large financial or service institutions.

Of the 25,000 U.S. firms in that



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## Executive Trends *continued*

rank, 21,000 are 75 years old or younger. Here's when they began:

Decade	Number
1900s	1,970
1910s	2,268
1920s	3,112
1930s	2,729
1940s	3,524
1950s	3,416
1960s	3,514

And so far, in the 1970s, 794 firms.

But there are a couple of caveats. For example, only 48 firms founded before the year 1800 are in this select group. And only 4,323 that started before the turn of this century are still in it.

Many fell by the wayside.

And some feel the yardstick for big business may extend too far down.

For example, McDonald's says its

average restaurant grosses \$600,000 a year.

Others say the number of firms which have made it big is abysmally low—compared to the economy.

Since 1900, U.S. population has grown from 76 million to 213 million. Gross national product has swelled from about \$18.6 billion to \$1,295 billion.

By comparison, the federal government's annual spending has gone from \$521 million to \$313 billion.

Now, that's growth.

### Yes, OSHA's After Bankers, Too

No one escapes Washington's eagle eye.

That holds true for banks as well as boiler factories, bridgebuilders or boatyards.

The Occupational Safety and Health Administration, for example, has a writ that runs to all.

Trouble is, experts say, bankers often don't realize this. But the feds

can find lots to gig you for, even in the hushed, chaste temples of finance.

Ask yourself these questions, Bank Administration Institute suggests. If the answer is no, it adds, you have a potential problem that could lead OSHA to lower the boom:

Are all areas kept neat and clean—especially storage areas?

Are all passageways clear of obstructions?

Are all fire extinguishers inspected monthly?

Are there at least six water closets for every 150 employees? Plus one more for each 40 additional persons?

The Park Ridge, Ill., Institute has a 13-page "OSHA Self-Inspection Check List." It cites nearly 130 potential pitfalls for unwary bankers.

As the old ditty goes, it could happen to you.

### How to Make Friends And Impress Salesmen

Say by saving an arm and a leg on their get-togethers?

Forget the balmy beaches at Waikiki. Or the Las Vegas fleshpots.

Most companies ignore these extra benefits. They drag the shock troops back to GHQ to psych them up for combat, says The Dartnell Corp.

"Salesmen will put in an average of three days at each of two national meetings," the business research firm finds from a national survey.

And where do the lucky guys go?

In 64 per cent of the cases, to the home office, it says.

Only 12 per cent of the meetings are held at noncompany sites. And not all of those are at resort areas. Some are at "a hotel/motel complex near a major urban airport."

The Sales Executive Club of New York thinks this is shortsighted.

"Give 'em a break," says Harry White, executive director.

"As we say, nothing happens until you make a sale.

"You can plan like heck.

"Budget like heck.

"Manufacture till it comes out your ears.

"But nothing happens till that guy lands an order."

Moral: Even in the army, you get combat pay.

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## One Company's Stand on Hiring Illegal Aliens

I read with interest "How Illegal Aliens Rob Jobs From Unemployed Americans" [May], especially since just a few short weeks before, we at National Can Corp. took action to try to do something about the problem ourselves.

On April 11, at our annual shareholders meeting, I announced that National Can Corp. was enacting measures to ensure against the hiring of illegal aliens. Furthermore, that the corporation, and I personally, would be spearheading a drive to recruit other businesses to do the same.

Gen. Leonard F. Chapman, Jr., head of the U.S. Immigration and Naturalization Service, told me that National Can is the first major U.S. company to enact measures of this sort. He stated that if other businesses would follow suit, more than one million jobs for U.S. workers could be opened up in a matter of months, and that two to three million additional jobs could be opened up over a period of, say, three to four years.

It is not an easy thing, having to enact policies which bar any group of people from your employment rolls. But in a nation where the unemployment rate is just under nine per cent and where more than one million people, according to labor union statistics, have given up looking for work, I don't see how we, industry, can any longer justify taking lightly the hiring of people who enter our country illegally.

The time when our nation could absorb the world's unemployed, I'm afraid, is past. We in industry must act, and act now, to do something to correct the serious unemployment problem we have in our country today.

I know I don't have to tell you how serious the unemployment rate in the construction industry is, yet do you know that the Immigration Service recently apprehended illegal aliens holding such jobs as painters, earning nearly \$10 per hour; dry wall installers, earning nearly \$9 per hour; and carpenters earning in excess of \$7 per hour?

The conception that illegal aliens hold only low-paying, unwanted jobs is in fact a misconception, at least according to statistics that I have seen.

Of the one million jobs that Gen. Chapman says could quickly be made available by a unified effort of business not to employ illegal aliens, nearly 150,000 would be in heavy industry, 214,000 in light industry, 301,000 in service occupations, and 335,000 in agriculture.

Specifically, what we at National Can are doing is as follows:

- We are inserting two questions in all of our employment applications: Do you have the legal right to be in this country? Do you have the legal right to work in this country?
- We are publicly letting it be known that it is our policy to employ only people who are in this country legally, that our plants are open for regular immigration inspection, and that we have a close working relationship with the Immigration Service.
- We are posting signs in all of our plants and facilities. We are communicating this policy via letter and company magazine to all of our employees.

National Can is asking other companies to do the same.

Gen. Chapman has assured me that what we are doing is enough to ensure that illegal aliens will avoid our company. As he puts it: "It is easier to find another job, even in this economy, than it is to face deportation. And they know that, sooner or later, through our inspections, we will find them out."

Our purpose in this action, as I stated earlier, is to open up jobs for U.S. workers. If we can do this, then I know we shall feel that we have really accomplished something.

Industry should not wait for government to take action on this problem. It should take action on its own. This is one opportunity for the business community to take some leadership to get the U.S. worker back to work.

I would be happy to provide any

assistance that's needed for other companies to establish similar programs.

**FRANK W. CONSIDINE**  
President and Chief Executive Officer  
National Can Corp.  
Chicago, Ill.

### Weapons against crime

James J. Kilpatrick's article, "The Way to Reduce Crime" [April], is excellent. Although I have been on the National Rifle Team twice and a member of our state rifle team for 12 years, I still agree that something must be done to prohibit the indiscriminate use of handguns.

I would favor some type of licensing or permit to use guns, as is quite common in foreign countries.

But I disagree with the claim that restricting sales of handgun ammunition would be useful. It is impossible to discriminate between rifle and handgun ammunition. For example, the common .22 caliber cartridge used for rifles by every farm kid in the country is also the most common handgun cartridge.

**DWAIN E. FRITZ**  
President  
Astron Manufacturing, Inc.  
Cleveland, Ohio

I am quite dismayed by Mr. Kilpatrick's treatment of what he calls the gun lobby. If it were not for this so-called lobby, the honest American citizen would long ago have been deprived of any type of firearm for protection of himself, his family, and his business. Or, for that matter, for hunting and target shooting.

**STANLEY KOKIN**  
President  
Jackson Sporting Goods, Inc.  
Jackson, N.J.

The article lists six ways to lower the crime rate and I would add a seventh—prevention.

The Baltimore, Md., Police Department and the Maryland Insurance League jointly conducted five lock-your-car campaigns and they resulted in a steady decrease in the automobile theft rate.

**WARREN L. MACKENZIE**  
M&M Insurance Agency  
Baltimore, Md.

Mr. Kilpatrick touches only peripherally on the primary cause of our increasing crime rate—the usur-





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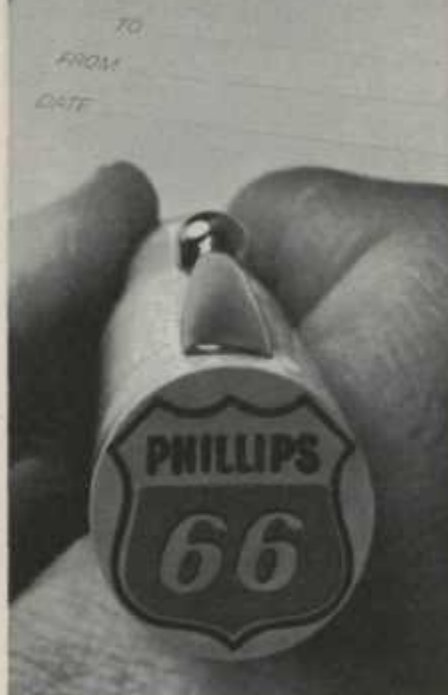
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## Letters to the Editor *continued*

pation of legislative powers by the U.S. Supreme Court and the principal state courts. Bringing back the death penalty would certainly cut down on the number of murders but it would have little effect on other crimes.

Criminal activity has been greatly spurred by that piece of judicial legislation called the exclusionary rule. Under it, judges have decreed that no matter how relevant and persuasive evidence may be concerning a crime or the identification of a criminal, it is not admissible if obtained in violation of what the judges deem "the rules."

The rules of evidence have been so distorted that they no longer seek to bring out the truth but operate principally to prevent revelation of the truth.

WARREN T. JESSUP  
*Attorney at Law  
Sherman Oaks, Calif.*

### The government and credit

I disagree on two counts with the proposal of Philip Dooley in "Letters to the Editor" [April] that Congress establish an insurance agency to guarantee collection of small business accounts receivable.

First, this type of insurance is now available through private insurance companies and secondly, collecting accounts receivable is the responsibility of every company that grants credit.

Expanding government involvement in business is another step toward socialism.

JOHN P.E. HEGGE  
*General Credit Manager  
Puka Corp.  
Minneapolis, Minn.*

Proper management and control of

credit is a major aspect of running a successful business. It is not a government function. JAMES MCCONNELL

*North Manchester, Ind.*

### The fur files

Re "Dynamic Growth Companies: John Anthony, Inc." [April].

One picture shows Mr. Anthony, the fashion designer, displaying a fur coat that is obviously made from the skin of a big cat.

In the light of the continuing destruction of the big cats of the world, this photograph is not only in poor taste but displays the ultimate in human arrogance. Unless people wake up to the facts, we will in our generation see the irrevocable end of many species of life—all in the name of snobbery.

A magazine with the impact of **NATION'S BUSINESS** could be a tremendous asset in the fight for the preservation of endangered species. After all, is not the survival of these species very much a part of the nation's business? Please don't show any more fur-clad models with big smiles. The situation really isn't that amusing.

MARCIA MILLS  
*Nashbury, N.C.*

Save wild animals, don't help to slaughter them just to satisfy the selfish god of fashion.

W.O. SWETT  
*Southbury, Conn.*

[Editor's Note: John Anthony, Inc., reports the fur shown is that of the American lynx cat, which is not on the endangered species lists of either the U.S. or New York State governments.]

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## THE WORLD OF INDUSTRY

### A Cleaner Engine Is on Its Way

Cornell University and Mercedes-Benz have something in common when it comes to internal combustion engines—five cylinders.

The German manufacturer has expanded a four-cylinder engine to five cylinders for more power. Now, Cornell engineers have developed a pollution control system that operates on the principle of using only five cylinders of a six-cylinder engine.

The patented Cornell system is called a flaming muffler, or air motor, system. The sixth cylinder is used solely to produce compressed air, which is fed into a muffler to aid in combustion of excess fuel, producing water and carbon dioxide rather than pollutants. (An engine that burns a higher proportion of its fuel is a less-polluting engine.) Heat from the muffler is fed to a heat exchanger to give extra power for the engine.

E.L. Resler, Jr., Director of Cornell's Sibley School of Mechanical and Aerospace Engineering, who designed the system, says it can be adapted to eight-cylinder engines. He says it provides as efficient and clean an internal combustion engine as any ever made. •

### Speeding Help for the Worker in an Emergency

Businesses in which employees do particularly hazardous work will get an assist if a couple of Dick Tracy-type devices that the Law Enforcement Assistance Administration wants developed prove feasible.

The agency is seeking a manufacturer for a wrist-worn personal fitness monitor that will permit instant read-outs of the pulse rate, body temperature, and blood pressure of a policeman, fireman, or worker who has been injured, or in a checkup on whether an employee can stand the stress of his job.

Also in the works is a personal warning device that can be worn on the wrist or around the neck. When actuated, for example by a prison guard who is in distress, it would transmit a coded signal that would identify the wearer. A relay station

would pick up the signal and add another code as it transmits the alarm to a central exchange, thus pinpointing the emergency area.

Such a device could be of use by large industrial installations' security forces or even by a private citizen in the event of criminal attack. The agency plans tests in several residential areas. •

### Deepwater Drilling Rig Will Move With Waves

Faced with the possibility of drilling for oil in waters up to 2,000 feet deep, Exxon is preparing to test a scaled-down, but still large, model of a new offshore platform.

Three-hundred-foot-deep waters off the Louisiana coast in the Gulf of Mexico will be the test site. The platform, 370 feet from top to bottom, will sit on a base that extends into the Gulf floor and can rotate. Bridge-type cables, connected to anchors spaced around the structure, will hold it in place.

Exxon engineers believe the guyed tower is the answer to anticipated drilling in depths of 600 to 2,000 feet. For use at those depths, it will be able to move with the waves. A design modification will allow its use as a rigid platform in depths of from 400 to 600 feet.

The firm expects 20-foot-high waves in the Gulf during the test period, which on the scaled-down model will be the equivalent of 100-foot-high waves for the full-size units that will eventually be built. •

### Higher-Voltage Current's Future

As much as 10,000 miles of extremely high-voltage transmission lines may be in operation throughout the nation in the 1990's, and the Environmental Protection Agency is starting to assess their impact.

EPA is evaluating the magnitude of the electric and magnetic fields in the vicinity of the lines and their effect on health and the environment. The agency is also seeking data on



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including the fact that this combination of opportunities may never happen again.

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■ And this point is especially important: Most of these trucks were built just before the considerable

price increase caused by FMVSS121 brake requirements.

■ Interest rates are at a low point right now; many forecasters think they will climb again soon. If this happens, you will save on financing when you buy today.

■ Used truck prices are currently high. Your trade-in may never be worth as much again.

■ Ford sells more trucks over 19,500 lbs. GVW than any other maker. You can buy with confidence because you know Ford must be offering top value for your money.

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## World of Industry

*continued*

the phenomena that accompany electrical discharge, such as oxidant production, noise, and interference with electronic devices.

Presently, several transmission lines operate at voltages in excess of 700 kilovolts, and more lines are planned that would operate at 765 kilovolts or even higher voltages. Most transmission lines now operate at around 69 kilovolts.

Meanwhile, General Electric Co. notes a renaissance of direct-current transmission of electricity—the system Thomas Edison started with and shelved in favor of alternating current because technology was inadequate.

GE says that in special applications, high-voltage direct current reduces the number of cables required by 75 percent and the width of rights-of-way by 50 to 60 percent. It also reduces the number of towers needed, the company notes. •

## A Search for New Uranium Deposits

The anticipated increase in use of nuclear energy in the years ahead is sparking a search for new uranium deposits by the U.S. Geological Survey.

It estimates there are 1.25 million tons of high-grade ore in the nation, of which 315,000 tons have actually been identified as reserves. Most of the easily accessible deposits have been located, so the agency has launched nine one-year programs to look into other promising areas.

Earmarked for investigation are sections of central Alabama, eastern Arizona, the Texas Gulf Coastal plains and Texas Panhandle, eastern Pennsylvania and northern New Jersey, southeast Utah, and southern and east-central Wyoming.

New Mexico and Wyoming continue to be the leading uranium-producing states and have 85 percent of the known reserves. •

## Not Covered by The Hard Hat Rule

Once again, the Constitution of the United States has stood in the way  
*continued on page 70B*



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## The Grand Old Game

**A**lmost anyone over the age of 30 or 35 can remember with some clarity when baseball was indeed the national pastime. For a great many fans, it still is. But it seems evident, all the same, that a game that once dominated American sports is suffering the spavins and heaves. Baseball is not well; and those who love the game are understandably concerned.

Major league attendance last year, for the two leagues combined, was reported officially at 29,993,961. That's a lot of fans. But the figure was down slightly from 1973; and it was not materially better than attendance in 1970 and 1971. The 1974 figure would have been even more glum if it had not been for half-million increases in Cleveland and Los Angeles. Even so, 13 of the 24 clubs had smaller gates than they had the year before.

The major league statistics tell only a part of the story. Twenty-five years ago, we had 59 minor leagues in operation. Almost 500 towns and cities, outside the majors, had their own professional clubs. Only 15 minor leagues remain in existence today, and that number includes two Mexican leagues. Most of the minor-league clubs are doing poorly; they are staying alive on farm subsidies and one or two of them are down to only four teams.

The necrology is enough to break the heart of an old-time fan. The Three-I League, which once operated in Illinois, Indiana, and Iowa, is long gone. The Kitty, the Evangeline, the Dixie, the Piedmont—they are all dead and buried. Without the stimulus of a local club, interest declines in sandlot teams and schoolboy ball. A whole generation is growing up in ignorance of the infield shift.

Let me tell you, if I may, how it was for one boy born in Oklahoma

City in 1920. Recollections fade, and memories dim, and forgive me if I am hazy on names and dates and places. It was a long time ago that my father first took me out to the ball game.

In his own dignified way, my father was a baseball nut. He migrated from New Orleans to Oklahoma City early in the 1900's. There he went into the timber business, and after World War I he did pretty well with the heavy stuff—fence posts, bridge flooring, telephone poles, and railway ties. When the Oklahoma City Indians decided to build a new grandstand, down by the reservoir, Father supplied much of the lumber. In return he got a lifetime pass for a box on the third-base line. It was just barely downhill from Olympus.

**O**ver a span of ten years, from the mid-20's to the mid-30's, the Indians provided the stuff that a boy's dreams are made on. When the club was at home, I would take a trolley downtown to my father's office on Broadway. There I could play with an old adding machine, or read a library book, or just fidget until he had signed his mail and done the other things that fathers do. Then we would get in the car—I seem to recall a Hupmobile coupe and a series of Nash sedans—and drive out to the ball park.

Father knew everyone—the old crippled fellow at the pass gate, the ushers, the manager, the players, the umpires. Early on, he taught me to keep score. He used to give away Eversharp automatic pencils as advertising gimmicks—octagonal things, with screw-out leads—and I must have exhausted a hundred of them. The keeping of score, to digress for a moment, remains a splendid introduction to double-entry

bookkeeping and to certain moral values as well. One of the most subtle features of baseball, contributing its part to the national character, is that in baseball *someone* is always responsible for what happens. If a run scores on a wild pitch or an error, the moving finger writes it down. Credit and blame are fixed and personal. As Eugene McCarthy, the former senator, has remarked, in one of his eloquent tributes to baseball, the scorekeeper's record is a record forever.

I cannot recall how the Indians fared in those years. We played Wichita, Denver, Pueblo, Des Moines, St. Joe, Topeka, and I think Omaha, and of course we played Tulsa. Hated Tulsa! Despised Tulsa! To be out at the ball park on a sunny summer afternoon, down in a box seat, with a little breeze blowing off the reservoir, booing the Tulsa hitters—believe me, this was as close to paradise as one gets at nine or ten. The players, of course, were very old. Some of them were 20 or 25. They were a lordly bunch—tobacco chewers, most of them, and very classy spitters. They jogged on and off the field like Greek warriors advancing on the plains of Troy, heroic fellows, their pants red-stained from sliding into second on the Oklahoma clay. Now and then the pitching coach would give me a ball too bunged up even for bullpen practice. What do little boys get today that can be prized so much?

**T**he Indians were hometown heroes, to be regarded with admiration and affection. Higher up the scale, to be regarded with reverence and awe, were the St. Louis Cardinals. Leaving the grandstand after a game, Father used to buy the last edition of the Oklahoma City Times as



## The Grand Old Game *continued*

we passed by the box office. The Times carried the latest major league scores in a fudge box at the bottom of page one, and we always looked first to see how the Cardinals were doing. Those were the years of the Dean brothers, Frank Frisch, and Ducky Medwick. Rogers Hornsby had left the Cardinals and gone to Boston by the time I got truly in thrall to the Cardinals, but John Mize was coming on the scene. Can you imagine being 13 years old, almost 14, at the time of the 1934 Series? Those were summers of dreams and glory. Where have all those summers gone?

I do not mean to dig graves or write elegies. Baseball is very much alive, and so long as boys and girls can be reared to love its skill and subtlety the game will stay alive. Without knocking other sports—for basketball, football, and hockey have plenty of subtleties, too—I submit that baseball has elements of strategy, tension, and personal combat that raise a close game to the level of Hastings and Bosworth Field. The duel between pitcher and batter is a lonesome duel, fought without help from teammates. The game of terrier and fox, played between a first baseman and a runner, is a game of matching wits. The spectacular catch, the pickoff play, the stolen base, the drag bunt, the grand slam—can other team sports match these? Perhaps they can, but baseball, for those who love it, remains supreme.

**W**hy, then, has the national pastime fallen upon such sere and melancholy days? The most familiar reason—and, for all I know, it may be the overriding reason—is television. Day games were yielding to night ball before TV came along, but in the years after World War II the lure of the TV tube became compelling. Those also were the years of heavy migration to the suburbs. Giv-

en a long season of 80 home games, it took a large measure of devotion to bring a suburban family into the city for ball games, night after night. Rising ticket prices have played a part. There is a limit to one's purse and one's passions. Professional football has laid a claim to both.

And let us face it: Organized baseball has done pathetically little to help its cause along. For all its colorful figures—the Stengels, Durochers, Veecks—the game has a singularly colorless image. There is something almost prim about the sport. Sure, we have moments of wild forensics with the umpires, and now and then a dust-off pitch provokes a bloodless brawl, but it is regarded as unprofessional for a home-run hitter to show pleasure as he rounds the bases. Studied nonchalance is the pose. Traditionalists fairly tremble at the thought of even the slightest change in the way the game is played. Their idea of a hot promotion is the winning number on your scorecard. They have had scarcely a new idea since the women's libbers put an end to ladies' night.

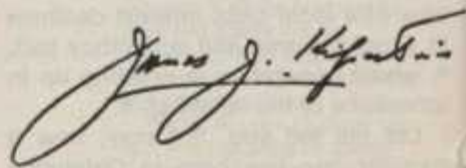
**T**he one innovation in my lifetime, apart from the golf cart to fetch a new pitcher from the bullpen, is the designated hitter. The American League seems happy with the system—it has helped to keep a few power hitters around after their legs have begun to go—but the National League still scorns the very notion, and the rule has made little difference in the play.

Few other changes have been seriously proposed. We have heard talk of a designated runner. Some bold fellows have suggested that the game might be speeded up by a minute or so if an intentional walk could be declared instead of actually pitched. A few minor leagues have experimented with flared foul lines, beyond first and third, but the experiments have been abandoned. When

it is suggested that the season could well be shortened, so that the opening games would not be played in April's ice and snow, the traditionalists grumble of heresy, sacrilege, and blasphemy.

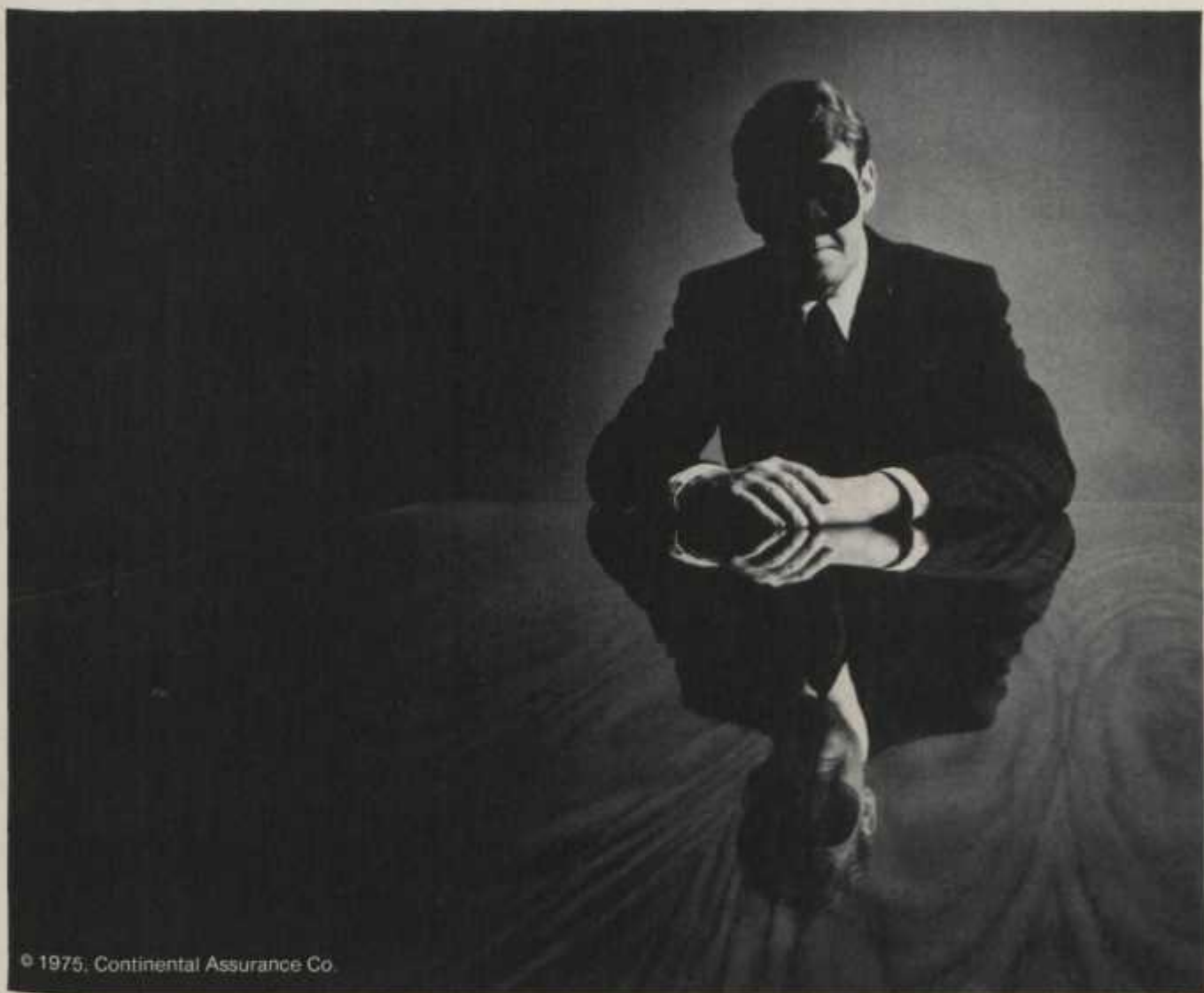
For my own part, I am quite content with the game as it is, and I wish forlornly that baseball's old eminence could be regained. But the trouble may not lie with the rules, or the clubs, or the owners, but in less tangible forces at work in the land. Baseball was meant for those not in a hurry, and the frenetic pace of American life no longer accommodates a seventh inning stretch. In a nation obsessed with the pressures of time—with two-minute warnings and the split-second records of racing drivers—baseball is out of fashion. For in baseball, time does not matter at all.

**I** suppose that is what some of us subconsciously love most about the grand old game. At least from the spectator's point of view, it is a low-pressure affair. Peaks of excitement are followed by valleys of lassitude. One is not imprisoned by a stopwatch or impaled on a second-hand. One does not ask how much time is left, because if it's all tied up in the ninth, time goes on, as in a dream. Feet up, we talk, and yawn, and let the world go by. During the last summer of the Washington Senators, my wife knitted two afghans and a cable-stitch sweater, meanwhile taking perfect pleasure in the game. They were a miserable bunch, those Senators. They won 63 and lost 96, and wound up 38½ games out, but Lord, Lord, how I want them back again.





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**From 27 to 46**

**From 47 to 70**

**From 71 to 98**

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saved**

15 inches =  
1 hand dry



# Measure your roll towel leftovers and see how many hand-dries you can save with the new Commander I™ Cabinet.



the stub roll—up to 3½ inches in diameter—is still being used. After the stub roll is used up, towels from the new roll start dispensing automatically. So you use almost every inch of towels you buy.

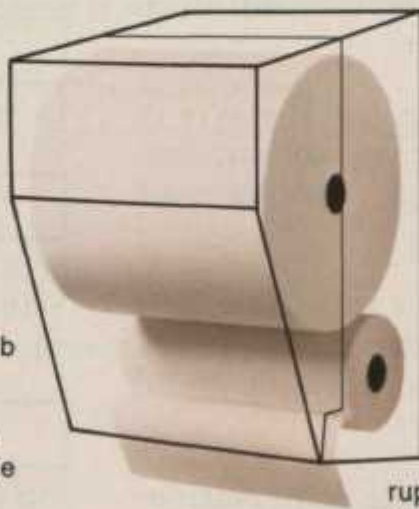
And because you can get up to 755 lineal feet of uninterrupted towel service, the Commander I can lessen the chance of run-outs and may help reduce your maintenance costs—by requiring fewer refills than single-roll cabinets.

You may be throwing away as much as 25% of what you spend on roll towels in "stub rolls," the leftover towels your maintenance man finds when he refills the cabinets.

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**Now use almost every inch of the towels you buy.**

Fort Howard's new Commander I Cabinet lets you load a new 625-foot roll of towels while



If you'd like to see how our new Commander I Cabinet can help you reduce roll towel waste and provide more uninterrupted towel service, write us on your business letter-

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You have nothing to lose but your stub roll waste.



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# Right now your small business needs all the help it can get. Here's how to get it.

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☐ Business valuation: If you haven't taken steps to establish a value for your business, there will come a time when the Internal Revenue Service will do it for you.

☐ Stock attribution rules: If you're in business with relatives, stock transactions can be complicated. A wrong move can destroy your plans.

☐ Incorporation: It's surprising how many businesses that should be incorporated aren't. Incorporation could save you a lot of money.

☐ Your personal estate conservation: Sometimes you can be so busy making your small business a success, you don't

have the time or the energy to do the same with your personal financial planning.

☐ Tax shelters for you and key employees: Everyone talks about oil depletions and cattle ranches, but the more practical tax shelters are a lot closer to home.

☐ Salary/wage continuation: In unsettled economic times, deferring compensation can provide current tax savings as well as protection against inflation.

☐ Sick pay plans: You should know how to avoid having payments to stockholder employees rated as a dividend and thus not tax deductible to the corporation.

☐ Stock redemption plans: At least one personal tax bill can be picked up by your business. It's worth looking into.

☐ Pensions and profit sharing: In today's marketplace, you have to compete with other companies. For employees. Without good benefit and incentive plans, you're not really competitive.

☐ Business insurance: Costs vary widely by company. We invite cost comparison with any company you choose, by any measure you choose. *Low cost isn't our goal—it's our achievement.*



**PHOENIX MUTUAL PICK OUR BRAINS**



## Outlaw Lie Detector Tests for Private Jobs?

A jury in a Washington, D.C., suburb recently ordered a furniture-leasing company to pay \$13 million in damages to the husband of a woman who had been raped and killed by one of its employees. The attack took place in an apartment building where the man was working.

The jurors found the company negligent in failing to investigate the background of the slayer who, when he was hired, had not volunteered the information that he had been convicted of armed robbery and was on parole.

It's an unusual case, but it demonstrates a problem that is far from uncommon for employers: They can get into serious difficulties when they lack some types of information about job applicants.

Employees who are crime-prone, who drink excessively, who abuse

drugs, or who have certain physical handicaps can do grave harm to the public in certain jobs. Not only that, but they can do grave harm inside a business. Workers' dishonesty, to give the principal example of this, now costs American business an estimated \$4 billion a year.

As a result, many employers have been turning to the polygraph—lie detector—to screen job applicants and, in some cases, check up on present employees.

At the same time, legislation has been introduced in Congress to ban such tests. Among those urging passage is the New York State Bar Association, which holds that the reliability of lie detector findings has not been scientifically established and that the tests are an invasion of privacy and "an affront to the individual's sense of personal dignity."

J. Kirk Barefoot, Executive Director of the American Polygraph Association, disagrees. Polygraph reliability, he says, has long been accepted by scientists as well as in business and law enforcement.

As for privacy and personal dignity, he notes that questions to be asked are reviewed in advance with job-seekers and do not touch on intimate personal matters. "There is really no difference in the questions asked in a polygraph test and those asked by a personnel director in a good, stiff interview," he says. "If you want to guarantee absolute privacy, you'd have to let a job applicant give you his name and Social Security number and pick any job he wants."

Should lie detector screening by private enterprises be outlawed? What do you think?

PLEASE USE FORM BELOW FOR REPLY

Kenneth W. Medley, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20062

Outlaw lie detector screening by private enterprises?

☐ Yes ☐ No

Comments:.....  
.....  
.....  
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Name and title.....

(PLEASE PRINT)

Company.....

Street address.....

City.....State.....Zip.....



## Tighter Curbs on Foreign Investment Here

**R**estrictions on foreigners investing in the United States should be stiffer, according to a majority of *Nation's Business* readers responding to the question posed in April's "Sound Off to the Editor."

Only about 35 percent feel it is unnecessary to impose more stringent measures than now exist.

E. Landon Collins, a vice president of Arlington Trust Co., Inc., Arlington, Va., argues that "too much foreign investment here would give foreigners too much power over our economy. We are now being blackmailed because of oil, and I don't want to see us put in a compromising position on anything else."

Says Raymond E. Furgeson, Vice President and General Manager, Associated Piping & Engineering Corp., Clearfield, Utah: "Foreign investors should not be allowed to own more than 49 percent of any company."

Charles I. Miller, President, Loss Prevention Systems, Inc., Cincinnati, Ohio, says: "Foreign investment in-

Anthony K. Grina, a vice president of Continental Bank, Chicago, Ill., argues: "More foreign investment in the U.S. will aid our balance of payments, stabilize our economy, recycle the oil-based foreign surpluses, and strengthen the U.S. dollar by increasing demand for it and by giving the U.S. a defensive mechanism—poten-



President John Hayhoe, Jacobson International, Inc., Minneapolis, Minn., favors "free trade between all nations" but adds: "We can provide our own capital needs."

tial retaliation—for protecting its investments abroad."

On the majority side, George E. Davis, owner of Davis Milk Transport, South Paris, Maine, argues that "we have contributed enough to many foreign countries" in the form of aid and that foreigners should not be allowed "to gobble up our industries."

Duane F. Hamm, Publisher, The Wausau Gazette, Wausau, Nebr., thinks that "foreign control of businesses would possibly remove concern for workers and consumers. Quality could be another loss."

It "makes no sense for foreign ownership of business to be encouraged," says Dick Liquin, manager, C.R. Anthony Co., Tioga, N. Dak. "It only drains billions of dollars annually from our own economy—dollars that could well alleviate our current recession."

However, George H. Quinion, Jr., President, General Asset Management Co., Inc., Avon, Conn., sees things differently. "Why," he asks, "should we object if foreign sources of capital wish to supply the necessary investment funds to continue to employ our citizens, generate foreign exchange for the U.S., and pay domestic taxes?"

"Except in special situations, I can see no objection to foreign investment in our country," says E.E. Anthony, Sr., Chairman of the Board, The Commercial Bank, Andalusia, Ala. The special situations, he says, include airlines, munitions factories, and other businesses that "could be used in war."

J.J. Fletcher, General Manager, Taut, Inc., Miami, Fla., answers both yes and no to stricter curbs: "No—if a foreign company already is exporting to the U.S. and wants to build a facility here that would employ Americans. No—if a foreign company wants to produce and sell a service or product not yet available to Americans. Yes—if a foreign investor merely wishes to speculate. Yes—if a foreign investor wishes to profit from an existing entity rather than form one."

Also qualifying his answer, Ansel Kleiman, President, Telex Communications, Inc., Minneapolis, Minn., says international trade and investment should be "stimulated rather than restricted. However, this should be conditioned by an absolute requirement of reciprocity. If countries insist upon majority domestic ownership of enterprise, they should be



President Peter Gopal, Semiconductor Systems International, Inc., Sunnyvale, Calif., says his firm "is majority-owned by foreign investors and it has benefited us."

terests will influence the decisions of U.S. businessmen in areas where they are involved. I'm afraid such decisions will be detrimental to America."

But others cite benefits in foreign investment. Henry J. Heintzberger, President, Western division of Philadelphia Life Insurance Co., San Francisco, Calif., asserts: "The long-run advantages of two-way foreign investment will improve the U.S. image abroad. Doing business together is a powerful tool to promote world peace and a deterrent to the use of military action to resolve conflicts."



Says Paul Glee, Executive Vice President, Koh-i-Noor Rapidograph, Inc., Bloomsbury, N.J.: "Foreign investment here forces other countries to be 'more responsible.'"

subjected to the same restrictions in the U.S. Second, foreign governments, either directly or by quasi-representation, should be forbidden investment opportunities in this country. Also, all foreign interests ought to be precluded from investing in our natural resources, or alternately, the export of these resources should be regulated assiduously."





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Cut this chart out and put it in your phone book.



# Where Overregulation Can Lead

AN INTERVIEW WITH DR. MURRAY L. WEIDENBAUM



This specialist in government regulation, a former federal official himself, tells how more and more firms are threatened by the new federal seizure of management's right to decide profit-and-loss questions

**G**OVERNMENT POWER to control and influence the decisions of business threatens the very existence of many business firms and the financial health of many thousands more.

Washington, warns Dr. Murray L. Weidenbaum, a former government official himself, is snatching much of the vital decision-making power away from businessmen and handing it

over to a growing federal bureaucracy. The result, he says, is a revolutionary change in our national economic system.

The big problem, he points out, is that more and more of the decisions of business management that affect profit and loss are being controlled and influenced by government agencies which are insulated from the



pressures of management responsibility. Businessmen who are responsible for profit and loss no longer have full freedom to make the profit-and-loss decisions.

Dr. Weidenbaum, a distinguished economist and author, is an expert on government and its impact on the economy. That is the theme of his recent book, "Government-Mandated Price Increases," a study of government regulation published by the American Enterprise Institute for Public Policy Research.

Because of his expertise, Dr. Weidenbaum was asked to elaborate on what he calls "the second managerial revolution." In this interview with NATION'S BUSINESS, he says there has been not merely a loss of managerial freedom, but an enormous cost to the public. Unless the nation changes course, he adds, our economic system is threatened with stagnation and continuous high inflation.

Dr. Weidenbaum is Director of the Center for the Study of American Business, established at Washington University, St. Louis, Mo., last January with a grant from the John Olin Foundation. The center's purpose is the study of the role of private enterprise in the development of American society and the relationship between a market economy and a free society.

Its Director has had an outstanding career in government as well as business. He was Assistant Secretary of the Treasury for Economic Policy during 1969-71 and served earlier as a fiscal economist in the U.S. Bureau of the Budget.

From 1958 to 1963, he was the Corporate Economist at the Boeing Co. and is now a consulting economist to Mallinckrodt, Inc., and the First National Bank in St. Louis.

He is the author of "The Economics of Peacetime Defense" and "The Modern Public Sector." With Dr. Paul McCracken, former Chair-

man of the President's Council of Economic Advisers, he also wrote "Fiscal Responsibility," a study of national economic policy.

Dr. Weidenbaum was interviewed in St. Louis by an editor of NATION'S BUSINESS.

### ***Is business in the United States facing a threat it never faced before?***

Yes, this country is going through a second managerial revolution. The first occurred many years ago, with the divorce of corporate ownership from management. That revolution involved the rise of professional managers, as distinct from owners.

This new revolution is far more subtle. It involves the shift of decision-making from managers, who

pany decision-making, that isn't closely controlled or influenced by one or more federal agencies. And sometimes the control of one agency conflicts with the control of another.

Since the 1960's, there has been a massive expansion, not only in the number of laws, but in the areas of business under government's thumb.

Some of this is very costly, not only to business, but to the public as well.

The increase in the cost of producing consumer goods is the ultimate burden imposed by government regulation of business.

***So this is part of the revolution you mentioned. What are some of the other vital business areas it affects?***

**"It costs \$4 billion a year to support all the federal regulatory agencies that ride herd on business."**

represent the shareholders, to a cadre of government officials, government inspectors, government regulators.

Increasingly, the power to make business decisions is being taken away from management and assumed by government. The problem is that these government officials and government agencies are not responsive to the pressures of profit and loss and, though their decisions affect management, they have no management responsibility.

### ***In what areas do their decisions affect management?***

How you hire people, what products you make, how you go about making them, personnel practices, production methods, marketing, financing. There isn't much, in terms of com-

It is most apparent, perhaps, in industries like transportation, where literally you can't go into business until government gives its approval. You can't even get started, unless government gives you the go-ahead.

That applies to communications—radio, television, cable TV, microwave transmission—as well as trucking, for example.

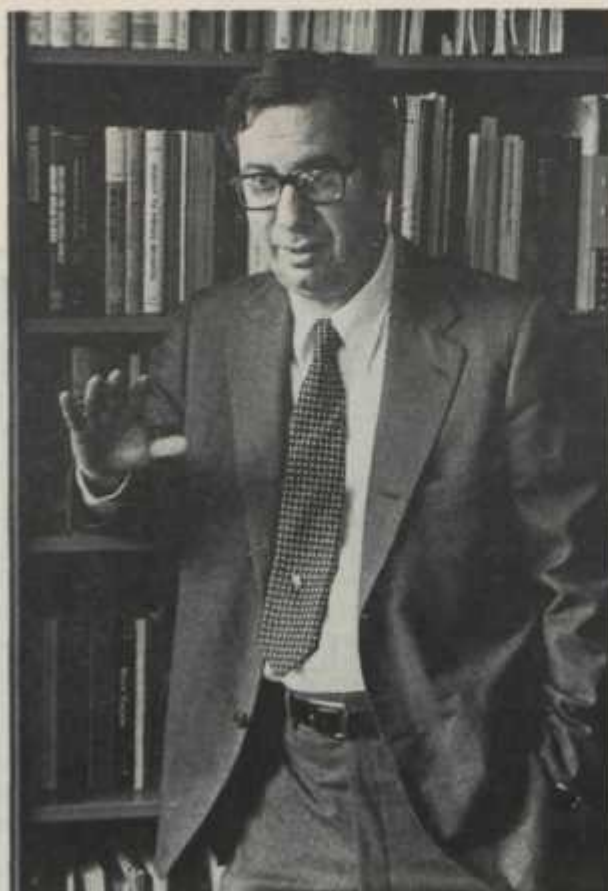
### ***But it goes beyond that, doesn't it?***

Yes. Obviously, you can't build a factory if it violates the standards of the Environmental Protection Agency. You have to make sure, of course, that in cleaning up air pollution you don't generate water pollution.

That's an example of a growing problem. There is such a proliferation of government regulations that,



## Where Overregulation Can Lead *continued*



**"Much of our potential growth in productivity is eaten up by the proliferation of government controls."**

in trying to obey one, you run afoul of another.

For example, to desulfurize coal—and reduce air pollution—requires a combination with lime. But when you do that, you generate large quantities of solid waste, calcium sulfate. And disposing of calcium sulfate creates water pollution problems.

Let me give you another example.

Federal food standards require meat-packing plants to be kept clean and sanitary. Surfaces that are easiest to clean are usually tile or stainless steel.

But tile and stainless steel are highly reflective of noise and don't always meet Occupational Safety and Health Administration standards.

***More is involved than the environment and health, isn't it?***

Just go through the major departments of any company.

Let's take the personnel department. It's quite clear that before you can hire anyone, you have to make sure you follow the rules of the Equal Employment Opportunity Commission.

Certainly, once people are hired, you have to meet the requirements of the wage and hour law.

If you have landed a federal contract, you have to file an affirmative action program. Also, you will have to make sure you comply with the Davis-Bacon Act or the Walsh-Healy Act.

In all cases, you must make sure

you don't violate the rules of the Occupational Safety and Health Administration. And sometimes those rules get in the way of the Equal Employment Opportunity Commission.

For example, both OSHA and EEOC have jurisdiction over toilets. OSHA once said women need special lounge facilities as part of their restrooms. But EEOC says, well, if you provide lounges for women, you have to provide them for men also.

Regulation, like justice, must be blind.

***What if you clear hurdles like these?***

You are not out of the woods yet.

Along comes the Consumer Product Safety Commission. It has the power to ban your product in the marketplace. In the commission's eyes, you are guilty until proven innocent.

That is a clear example of the shift of power.

The commission puts out a list of banned products. But it warns that, even if you aren't on the list, you should consider your products banned unless you can prove they meet the commission's standards. That's what I mean by guilty until proven innocent. They have shifted the whole burden of proof on you.

When you look at the power of the Consumer Product Safety Commission, it is really scary. The commission has the ability, and has used it on occasion, to drive a company out of business—through the commission's own mistakes.

The commission put the Marlin Toy Co., a small firm in Wisconsin, out of the toy business by inadvertently putting its products on the banned list.

Later, the commission recognized its error, but it was too late.

As it turns out, this company was an employer of handicapped people in the little town where it is located. So we are talking about a socially responsible business.

By forcing it to lay off employees, the commission not only added to unemployment, but hurt a group of people who find it especially hard to get jobs—the handicapped.

***Isn't it rare for Washington to put a***



**company out of business and people out of work?**

Not at all.

For example, about 350 foundries in this country have closed in the past three years because they couldn't meet EPA or OSHA requirements. Basically, these were smaller foundries.

As a result, the larger foundries are working to capacity. They're so busy that they can't take on a lot of military work, including castings for our big M-60 tank.

Now, we have a shortage of tank castings. It is so serious that the army has been investigating tank casting facilities in Britain and West Germany.

Meanwhile, of course, unemployment here continues to rise.

I wonder how much thought EPA or OSHA gave to the unemployment problem or to national defense.

**Doesn't this run counter to creating full employment, a top national priority?**

Precisely. The old breed of regulatory agencies, like the Interstate Commerce Commission, have been criticized for excessive concern with the health of industries they regulate.

No one has ever accused newer agencies like EPA or OSHA of that. All they're concerned about is their programs.

Somehow, we've got to get that broader idea of the total national interest across to OSHA, EPA, and the rest of the federal regulators Congress has created.

**How many federal regulators get into the act?**

It varies industry by industry.

We now have what I call a matrix form of regulation. Some agencies specialize by industry.

In other words, the Civil Aeronautics Board regulates the airline industry. The Federal Communications Commission regulates all aspects of radio and television. ICC regulates railroads.

Then we have a new kind of government regulatory agency, like OSHA. It regulates only one aspect of business activity—job safety—but its authority takes in all industries.

Or EEOC, which regulates personnel practices for all businesses.

And EPA. It deals with environmental impact only, but again for all industry.

**Why aren't Americans aware of what's happening?**

The change isn't visible or dramatic enough, except to the businessman under the gun. However, some symbols of the shift of power to government should be apparent to the man in the street.

For example, the consumer is paying for the new managerial revolution in a number of ways. One is his tax bill. It costs him \$4 billion a year to support all the federal regulatory agencies that ride herd on business.

But that's only the tip of the iceberg. The real cost to the consumer is indirect, but much larger.

We are now deeply concerned about our economy's lack of increase in productivity. It is crystal-clear to

Oh, yes. We think of utilities as our most tightly regulated industry. But they aren't regulated anything like the defense industry.

Look at the regulations issued by state utility commissions, and you are talking about a pamphlet. Look at the regulations given the defense contractor by the federal government and you are talking, literally, about volumes.

Government bureaus aren't set up to minimize cost. They have a different outlook on life.

**Different in what way?**

A smart bureaucrat knows how to say no.

I spent a lot of time in the federal government during the course of my career, and I know that the safest thing to say is no. That way, you won't get into trouble.

Don't stick your neck out.

Well, that runs counter to what happens in private industry, where

**"What all this so-called government protection does is protect the consumer against new products, new processes, and lower costs."**

me that much of our potential growth in productivity is eaten up by the proliferation of government controls.

Government regulation imposes a lot of burdens on business, like mountains of paperwork, that decrease productivity.

But I guess what worries me most is what happens to an industry when it really becomes controlled by government, as some are.

Look at the cost overruns, for instance, in so many Defense Department projects. Also, look at the time delays.

To me, there is a close relationship between them and the very close, day-to-day government regulation of the defense industry—the most closely regulated industry in our society.

**More closely regulated than utilities?**

you are sticking your neck out all the time. When you bring out a new product, you stick your neck out. When you introduce a new production process, you stick your neck out.

But that's the way the system works.

What all this so-called government protection does is protect the consumer against new products, new processes, and lower costs.

The result could well be economic stagnation.

**Why don't consumers and business resist more?**

Business may be part of the problem. Many companies learn to live in a government-regulated environment and feel comfortable.

But if you expect the government to bail you out when you have losses,



## Where Overregulation Can Lead *continued*

you're not going to have the freedom to earn the profits.

### **You mean government makes the decisions?**

More and more every day—and not always wisely.

Look at the automobile industry and catalytic converters.

Big Brother, or Big Mother, however you prefer to think of Washington, got the auto industry to put in the converters. Now Big Mother finds that she may have been hasty. The catalytic converters may cause worse pollution than they eliminate.

But the point is that the decision was shifted from business to government. The irony of it! Think of the outcry if Detroit, on its own, had gone ahead and installed catalytic converters without a full environmental impact statement.

Well, the agency in charge of these environmental impact statements, EPA, apparently went ahead on converters without checking the full impact on the environment.

That's part of the problem of dealing with government. It has a double standard. Business can be forced by

government to follow rules and regulations. But the government itself is free to ignore them.

### **Doesn't that apply to the Consumer Product Safety Commission, too?**

Yes, in a way. Last fall, it bought 80,000 toy-safety buttons to be worn on the lapel. The idea was to encourage people to be safety-minded about toys.

Well, it turned out that they used lead paint on the buttons. There was a danger of lead poisoning if they were licked by children. So the commission had to ban its own buttons.

It sounds funny.

But think about the taxpayers who had to foot the bill for producing 80,000 useless buttons.

### **Isn't that a drop in the bucket for Uncle Sam?**

There are so many drops that even that bucket is overflowing.

Each agency is preoccupied with its own narrow interests and isn't concerned with what's happening to the company, an industry, or even to society as a whole.

EPA and the fire ants offer a good

case history. EPA has told the Agriculture Department it is imposing severe restrictions on the use of pesticides to kill fire ants. The department had a major program under way to get rid of them. Now the department says EPA's ruling makes it impossible to carry out its eradication program.

So the department thinks fire ants may spread over a third of the United States—as far north as Philadelphia.

Fire ants may not harm the environment as much as EPA thinks pesticides harm it. But their bite is not only painful but can even cause death.

All EPA cares about is the environment. Apparently, the fact that these ants can kill you and me isn't EPA's problem.

I suggest, facetiously, that the Agriculture Department try to breed a special strain of fire ants that bite only people who make such EPA rules.

### **But much of the public apparently favors these new federal agencies.**

Of course.

If you were told only of the benefits of government regulation—and not its costs—wouldn't it sound great?

That's a proverbial free lunch, something that will help you and won't cost you a dime. But there aren't any things in life that will benefit you with no cost.

And that's true of government regulation, as well as anything else.

### **Do you think public opinion will change?**

I think so. I am an optimist. But a patient optimist.

To me, Congress's decision to reverse the federal regulators on the interlock, seat-belt system this year was encouraging. It's an example of what can happen when the public gets aroused.

It became obvious to Americans that they were paying through the nose for a complicated system they didn't want. It was extravagant nonsense.

Congress got the picture pretty fast. It threw the interlock out the window.

But only, of course, after the auto



**"Business may be part of the problem. Many companies learn to live in a government-regulated environment and feel comfortable."**



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- ☐ Charge My Credit Card Checked Below:
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## Where Overregulation Can Lead *continued*

industry had spent millions to perfect and install it.

### **Any straws in the wind there?**

Yes, I think so. Congress almost outlawed air bags at the same time.

I think this is a message those who are so much in favor of regulation should take to heart.

When the pendulum swings, it swings with a vengeance. You can get a reaction against all this regulatory cost—and waste—that will involve a wholesale liquidation of these police agencies.

If so, you'll see the end of the good, as well as the bad.

### **So not all regulation is bad?**

No. Unless you are an anarchist you must believe that government

The objective is safer working conditions. Establish some goals, provide some incentives, then let the companies—individually or through trade associations—decide what they'll do to reach those goals.

There's no one royal road to safety. Some companies may find that it is most effective to redesign their equipment, others that a training program is best for them. Still others, more work on supervision.

Get away from the emphasis on detailed federal rules and regulations.

For one thing, from the data I've seen, there's no indication that these government regulators have cut accident rates in industry.

So, even if you follow them to the letter, that doesn't mean the place is

Sen. J. Glenn Beall, Jr., of Maryland.

It would require each new law, including those that regulate business, to carry a price tag.

That would alert us to the cost—as well as the promised benefits—of each regulatory proposal put before Congress.

That's progress—a cost-benefit analysis. If we could limit new regulations only to those whose benefit to society exceeds the cost, there'd be a lot fewer of them.

Then we must see that the same yardstick is applied to existing regulations and regulatory agencies.

### **Anything else?**

Take a leaf from the environmentalists. They pushed through a rule that before you do anything, anywhere, you must determine what impact this will have on the environment.

I would like to turn that around.

I'd like to see legislation which says that, before EPA or any other regulatory body does anything, it must file a statement describing what this will do to the economy—an economic impact statement.

### **Can business look for allies elsewhere?**

Well, the thing that amazes me is that liberals, who attack the government when it infringes on civil liberties of individuals, couldn't care less when it does the same thing to businessmen.

You know of the outcry over no-knock searches for narcotics.

Well, OSHA inspectors all have no-knock power. They can come into your plant without warning anytime they please.

Liberals should wake up to the fact that there isn't a sharp cleavage between civil liberties in the personal sphere and civil liberties in the business sphere. END

REPRINTS of "Where Overregulation Can Lead" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

"There isn't a sharp cleavage between civil liberties in the personal sphere and civil liberties in the business sphere."

should set the rules for society. The question is what kind of rules and how many.

Economics has an answer for that. It says, carry regulation to the point where the added benefits barely exceed the added costs. That's where you stop.

Overregulation is where the added costs exceed the added benefits.

### **Can you give an example of a useful role for a government regulator?**

Take OSHA. It has a basic role in investigating lethal hazards. That's why Congress set it up. But it should not also be deciding questions like these:

How big is a hole?

What color to paint a door?

What is a ladder?

That's the kind of nonsense that should be eliminated.

### **What's the right way to promote job safety in your view?**

I'd shift the whole emphasis to reducing accident rates and health hazards.

safer. It just means you won't get in trouble.

That's the bureaucratic mentality.

We have to realize there are more effective ways of using the private sector to achieve national objectives.

### **Are more regulations inevitable?**

In the short run, I am afraid we are in for more.

I have looked at the proposed new legislation in Congress—and I'm afraid that, for the next year, business must brace itself for another round of federal straitjackets.

In fact, at least 23 congressmen in the House literally believe you should have to get Washington's permission to go out of business. They introduced H.R. 76 last January. It would require a two-year prenotification to the Secretary of Labor to close or move a business—if that would result in 15 percent of the employees losing their jobs.

### **What can businessmen do if they don't like this trend?**

Support something like the bill of



# An Easy Way to Change Jobs

**'This system is simple, straight forward and quick — but it works.  
Do it right and you can have the highest earnings of your career!'**

I've got something that can help you earn a great new living and perhaps even make you rich!

Now, I know this seems hard to believe, but I can also *prove* it to you!

I say this because I've got letters from *thousands* of satisfied customers, . . . and a product which has been praised by 150 leading media!

What's more, at \$10, it's an incredible bargain, and I'll even give it to you without asking you to risk *one penny*!

However, first let me tell you what I have.

I've got a *copyrighted job changing system* that you can use to move up in your field, or out to another field, but at significantly higher earnings.

It took myself and five other professionals two years and \$250,000 to develop—but it works!

Furthermore, it doesn't require "genius" and it doesn't require "luck." All you have to do is put it into action.

The reason we developed it was because with 84 million employed, and 15 million circulating resumes each year, this area was ready for some revolutionary ideas.

We knew more people than ever owned prestige cars & yachts, summer homes and international retreats, as well as having securities, real estate holdings and lots of cash in the bank.

In short, many people in the U.S. are living good lives!

At the same time, however, the great majority have no excess cash, little job security, and are frequently restless, bored with their jobs, commuting long hours, and harassed by inflation!

We asked ourselves how do people get to live the "good life"?

Well, we found that most successful people were there because they never wasted time in dead-end situations!

What these people did was to make crucial job changes, and *parlay* their higher earnings into small fortunes!

Take a look at the economics!

Do you realize that if you were to change jobs every 4 years, at an average annual increase of \$4,000, and then put the increases in the bank at 6%,—that in 20 years you'd accumulate an extra *half million dollars*!

Getting raises is one thing, but getting significant increases because of job changes is a very important source for wealth!

The next question then, is how can you easily change jobs? This is where the unique system we've developed fits in.

Our system can work for anyone from \$8,000 to \$80,000. Do it right and you'll gain higher earnings, lifelong job security, but most of all, *everlasting* self confidence!

This is because once you've used it, you'll know you can *always* get a new job,—quickly and predictably.

Perhaps you're wondering why our system works? Well, it works because it's a *completely different approach*, based on totally new concepts.

But, also because it's simple, practical, and self-tailoring. You could start next week—and do it *without strain, confusion or worry*.

But, there is one catch! You won't be a success if you use old methods for dealing with recruiters & agencies, for answering ads & sending out letters, for handling interviews & negotiating salary. To make more money without a hassle, you'll have to be willing to change. You'll also have to follow our system, have an open mind & have faith in yourself.

However, do this and a better life will be yours!

With our system, whatever you seek—a better job, a new career, higher pay, more satisfaction,—I *believe nothing can stop your success!*

Not age, sex, education, or even low earnings or past working history.

*Personnel Magazine* said we have a "breakthrough."

*Business Week* devoted a full page article and called it "indispensable."

The *National Public Accountant* even said it was "capable of catapulting any average person into a position offering much greater rewards."

However, your best proof of our system is that we've already received thousands of letters from grateful customers.

Letters like one from a gentleman in California who wrote: "In 4 weeks I changed jobs and raised my salary 33%! I wish I had it 10 years ago!"

Another man from New York said "I used one of your letters, sent 24 out, and got 13 interviews and 3 job offers!"

Still another from California said "In just 11 days I received an offer of \$7,000 more!"

I know this sounds almost too easy and I can't promise that you will do as well. But, then again you may do better!

Even the largest business magazine in the U.S., *Nation's Business*, said our materials were "incredibly effective."

Now, if you're serious about wanting to move up, then I know that our system is something you've got to have!

In fact, I'm so convinced that you'll agree that it's worth *hundreds of times the cost*, that I'll make sure you have nothing to lose.

First of all, when your order arrives, we'll ship within 24 hours. No delays!

Secondly, you can examine our system for 10 days.

Third, if at the end of that time you are dissatisfied, return it, & I personally guarantee your 100% refund will be mailed in 3 working days—with no questions asked!

To let me prove everything I've said, and to take advantage of this nothing-to-lose offer, just fill in and mail me the coupon below.

Performance Dynamics Inc.  
Attn: Mr. Robert Jameson, President  
17 Grove Avenue  
Verona, New Jersey 07044

Dear Mr. Jameson:

Your offer sounds great! Please rush me your Professional Job Changing System right away, but on one condition. I understand I may examine it for 10 days, & if at the end of that time I return it, you will mail my full refund within 3 working days, with no questions asked. On that basis, here's my \$10, plus .50 for postage and handling.

☐ Enclosed is my check or money order  
☐ Chg. Bank Amer. ☐ Chg. Amer. Expr.  
☐ Chg. Master Chg. ☐ Chg. Diners Club.

Acct. # \_\_\_\_\_ Exp. Date \_\_\_\_\_

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Mr. Jameson's ideas have been the subject of more than five hundred articles, ranging from 600 words in *Business Week* to 3,000 words in *Chicago Today*. This material has also been nationally advertised in leading media including *The Wall Street Journal*, *Scientific American*, *Nation's Business*, *Signature*, *The New York Times*, *Newsweek International*, *The Los Angeles Times*, *American Scientist*, *Income Opportunities*, *Time*, *Specialty Salesman*, *Success Unlimited*, *Chemist*, *The Army Times*, *New York*, *The Chicago Tribune*, *True & others*. © 1974 Performance Dynamics, Inc.



# The Need to Reform Obsolete

President Gerald R. Ford tells the National Chamber how our federal system of business regulations "abounds with contradictions and excesses, all to the detriment of the public." He asks your help in the search for long-overdue changes

**W**E ARE A DYNAMIC SOCIETY with a dynamic economy. But this requires that we, as people, ensure that our governmental institutions are responsive to changing conditions. Let me discuss with you one function performed by government which is in need of reform. That is regulation.

In discussing regulation, we should be prepared to listen carefully to the case of those who might be injured by deregulation or changes in regulation. But we must make our decisions in terms of what benefits all of us.

I have confidence that our system can make the changes that are required to meet the challenges of our dynamic society.

It may be useful to distinguish between the two broad kinds of government regulation.

First, there are regulations designed to deal with the competitive performance of such industries as railroads, trucking, airlines, utilities, and banking. This type of regulation controls rates, the right to serve specific markets, and competitive practices.

One of the most impressive outcomes of the September Summit Conference on Inflation was the nearly unanimous agreement among all participants of all persuasions that there are tremendous efficiency losses, reductions in productivity, and unnecessary costs to the economy from all aspects of this kind of regulation.

**A**lmost without exception, the conferees recommended reform or elimination of obsolete and unnecessary regulations. It is important to recognize that these regulations are not the result of perversity on the part of some regulatory body or government official. Rather, they result from the fact that the regulatory process is inherently static.

Regulations do not automatically expire when they



PHOTO: DENNIS BRACK

have outlived their usefulness. There is no systematic pattern of review and even when it is acknowledged that changes are warranted, procedural delays often result in obsolete rules remaining in force for years.

While the intention of regulation is to protect consumers, it sometimes does just the opposite.

In many cases, the reduction or elimination of existing regulations would result in lower prices for the consumer and open new opportunities for business. In other industries, where there is inadequate competition, regulation should continue, but it is the job of government to ensure that such necessary regulation is administered efficiently and fairly.

A second type of regulation is concerned with social issues such as occupational safety, consumer product safety, and, of course, the environment. This kind of regulation is generally of more recent origin, but it is becoming more critical every day.

The central issue here is the need for a proper assessment, or evaluation, of costs and benefits. The question is not whether we want to do something about noise or safety, but whether in making changes in our regulations they would make more sense in terms of costs added and benefits gained.

When I talk about costs, I am not just talking about cold figures in a bookkeeping ledger. I am talking about what you pay in the marketplace, in the supermarket, in the clothing store, in the ladies' boutique.

All too often, the federal government promulgates new rules and regulations which raise costs and consumer prices at the same time. To achieve small, or somewhat limited, social benefits in these cases, we must either revise proposed rules and regulations to lower their costs, or we must not adopt them in the first place.

Moreover, we must examine the whole range of



# and Unnecessary Regulations

existing rules and regulations to determine whether modifications could lower costs without significantly sacrificing their objectives.

Let me emphasize that we do not seek to eliminate all regulations. Many are costly, but they are essential to preserve public health and public safety. But we must know their costs and measure those costs against the good that the regulations seek to accomplish.

**A** major problem is that these costs are often hidden from the public generally. While we are all accustomed to an open debate on the government's budget, far too little attention has been focused on the ways in which government regulations levy a hidden tax on the American people.

In the nearly 90 years since we created the first federal regulatory commission, we have built a system of regulations which abounds with contradictions and excesses, all to the detriment of the public.

There are sound estimates that government regulations have added billions of unnecessary dollars to business and consumer costs every year. To reverse this trend of growing regulation, my administration is working hard to identify and to eliminate those regulations which now cost the American people more than they provide in benefits. I feel strongly that we must keep and improve those regulations which work, but we have an obligation to discard those that do not.

I have asked all offices within the executive branch to evaluate the inflationary impact of significant legislation, rules, and regulations which we propose. I am delighted that the House of Representatives has also adopted changes in its rules to require the measurement of the cost of legislation before it is adopted.

**M**ost people would agree that some regulation is needed, but only when we know the cost of proposed government actions can we rationally determine how much regulation we are willing to pay for.

For example, is it worth as much as \$30 billion a year of the consumer dollar to reduce the level of occupational noise exposure by approximately five decibels? Have air bags been proven sufficiently cost-effective for us to require their installation in all cars at \$100 to \$300 each?

A number of related actions will improve our understanding of government regulations and facilitate future changes.

The problem of government-imposed reporting requirements has become so acute that your government has had to create a Commission on Federal Paperwork.

Yes, that is right. There is a committee, a board, an agency, or a commission in Washington for just about everything, including trying to cut down the onerous

filling out of federal forms, which last June numbered exactly 5,146 separate types. That's many too many.

The commission will represent the administration, the Congress, and the public, and I intend to see that its very wide powers are used effectively to cut down the unnecessary burden on our American free enterprise system.

I will be convening very shortly an unprecedented meeting of all the commissioners of the ten major independent regulatory agencies. Joining them will be key members of the Congress and the administration.

Together, we will discuss the imperative need to foster greater competition in the public interest and the equally imperative need to consider the inflationary effects of all proposed new regulations.

**L**et me reaffirm to you my deep personal conviction that the best way to begin in our efforts is to improve the government we have, not to enlarge it.

I do not believe a bigger government is necessarily a better government. Please never forget: A government big enough to give us everything we want is a government big enough to take from us everything we have.

I have ordered action by the executive departments and agencies to make major improvements in the quality of service to the consumer, and I have asked the Congress to postpone action on legislation which would create a new federal agency for consumer advocacy.

I do not believe that we need yet another federal bureaucracy in Washington with its attendant cost of about \$60 million over the next three years—and hundreds of additional federal employees.

**A**t a time when we are trying to cut down both the size and the cost of government, it would be unsound to add still another layer of bureaucracy.

Let me add, I need your help in so many ways. I need your views and your suggestions; for in that way, we can bring the full weight of the business community to bear on solving the mutual problems that we face.

I urge you to bring to my attention those government practices which you feel unnecessarily add to cost and interfere with the effective working of our free enterprise system.

You will be doing a service for your country and your fellow businessmen, as well as yourself.

We have a unique opportunity right now to make some long overdue changes in a system of regulation which has not kept pace with the times. These fundamental reforms are vital to our economic recovery and our long-range stability. END

*The President's remarks are excerpted from a speech to the 63rd Annual Convention of the Chamber of Commerce of the United States in Washington April 28.*





ILLUSTRATION: LOU SCHIAVONE

## Will Unions Win International Bargaining?



## Labor leaders, here and abroad, are pressing for changes which would make it easy for them to gang up on the multinational companies. They have had some successes

**H**AVE YOU stood at your office window and watched a summer rainstorm build up? Skies slowly darken a bit, then become deep gray down on the horizon. The raindrops come, softly at first, then in torrents, and soon it is darkness at noon.

For many American executives whose companies do business abroad, a disturbance of another kind is coming. The buildup, like the storm's, is slow, gradual, and quiet.

What's ahead is called transnational, or multinational, bargaining.

In Detroit, Denver, Geneva, Brussels and London, to name a few cities, plans are being carried forward by unionists who hope eventually to internationalize union contracts.

Transnational bargaining has existed for some time in limited form—between companies and unions on both sides of the U.S.-Canadian border. But the unionists want it to take place not just on a binational scale but on a multinational one.

They already have made some headway in that direction, in the face of extreme management reluctance. As one company official, who asked not to be identified, puts it: "If there is no headlong drive toward multinational negotiating, there is, at least, an inching forward."

### Brotherly shoves

There have been transnational sympathy strikes and boycotts, and cases where a union representing multinational company workers in one country got union "brothers" working for the firm in another country to intercede on their behalf with the company's home government and home office.

The Conference Board, in a recent study of 168 of the world's largest multinational firms, found nearly 30

percent have been targets of multinational union activity.

Unions have been cheered by these successes and say they will eventually achieve coordinated bargaining covering workers in many plants and in scores of countries.

Labor groups pushing for transnational bargaining include the International Metalworkers' Federation; International Federation of Chemical and General Workers' Union; International Federation of Commercial, Clerical and Technical Employees; International Federation of Petroleum and Chemical Workers; International Transport Workers' Federation; International Union of Food and Allied Workers' Associations; World Federation of Workers in Food, Tobacco and Hotel Industry; and International Textile, Garment and Leather Workers Federation.

The Petroleum and Chemical Workers secretariat is headquartered in Denver. The other federations are based in Europe, but all include American unions. The United Auto Workers, for example, plays an active role in the Metalworkers' Federation.

However, the AFL-CIO has held aloof from the transnational bargaining effort because, a spokesman in Washington says, "Collective bargaining is entirely in the hands of our affiliated unions. They are autonomous."

### "World councils"

Union secretariats have set up "world company councils" to represent hundreds of thousands of workers for multinationals in dozens of countries. They prepare for the time when additional pressures will be applied to standardize working conditions and benefits, and to give unions

a say—eventually even representation on company boards of directors—in management decisions.

Tens of thousands of Americans already are represented by such groups. Company councils now exist at GM, Ford, Chrysler, Volkswagen, Daimler-Benz, Fiat, Citroën, Renault, Peugeot, Nissan, Toyota, British Leyland, Michelin, Goodyear, Firestone, Dunlop, Pirelli, AKZO, Rhône-Poulenc, Ciba-Gigy, St. Gobain, Shell, Hoffman-La Roche, Pilkington, British Petroleum, W.R. Grace, Unilever, Nestlé, Oetker and ITT.

And world councils are being planned, in this country, in these American firms: Du Pont, Dow, Union Carbide, Monsanto, International Paper, PPG, General Electric, Westinghouse, Caterpillar and International Harvester.

### Best targets

Auto, chemical, and oil firms are considered best targets for transnational union activities because many of their employees perform much the same sort of work regardless of what country they are in.

Union tactics presently call for emphasis, not on pay scale equalization, which would be almost impossible to achieve due to varying living styles and costs country-by-country, but on winning a voice when companies decide when and where to locate production.

If, for example, a multinational firm wishes to switch production from one country to another in order to reduce costs or speed production, or because of a strike, international union secretariats want to be heard.

Among unions' pet hates are what they call "runaway shops."

Take what happened four years



# Will Unions Win International Bargaining? *continued*

ago to Ford Motor Co. Its Chairman Henry Ford visited Britain during a nine-week strike which closed down his company's plant at Dagenham, near London. He commented that the company was wondering if it should make further large investments in a country so plagued with labor troubles as Britain was (and still is).

## Ganging up on Ford

There was a transnational union reaction. Metalworkers' Federation officials and auto union workers from Ford Co. plants in the U.S., Belgium and Germany denounced Mr. Ford and said the company was, in effect, threatening to transfer work from Britain to other countries to avoid union troubles. United Auto Workers President Leonard Woodcock, who is also president of the Federation's World Automotive Council, happened to be in London at the time for a conference, and—at the head of an international delegation of unionists—visited then-Prime Minister Edward Heath in the hope of getting help to anchor Ford in Britain.

It is not clear to this day if Ford eventually transferred work from Britain to German or Belgian plants, or to a new \$300 million assembly plant in Spain. However, the company has not expanded operations in Britain at the speedy rate that British unionists once expected.

European unions at Ford plants sought a meeting with management officials on a Europe-wide basis in 1973, to discuss company production deployment and investment. Ford turned down the request. Later, however, in response to a Metalworkers' Federation request, corporate officers met with Federation and United Auto Workers officials in Detroit for the limited purpose of permitting the Federation to argue that it would be in Ford's interest to hold consultations on a Europe-wide level. That meeting ended without agreement for further discussions.

## Awesome power

In addition to their concentration on shifts of production from one country to another, international unionists are now pushing for these goals: A voice when management considers hiring and layoff practices

in all countries where multinationals operate; standardization of holidays, sick leave and sick pay, retirement, maternity leave, and other extra benefits; retraining arrangements for laid-off employees whom a company will not need again in previous job categories; a voice in how sympathy strikes and demonstrations are to be handled; and, especially, common expiration dates for labor contracts in different countries.

The latter step, enabling unions to shut down a multinational firm's operations in several countries at once, would give them awesome power at the bargaining table.

Stakes are high for international unions, and they are prepared for a long struggle. They are far into advanced computerization of a mass of information on virtually every company involved.

Separate unions such as the United Auto Workers, and even locals in small plants, send the Metalworkers' Federation in Geneva all the intelligence they can get on companies—how they operate; financial positions; attitudes toward labor; work schedules and pay levels; prospects for expansion, cutbacks, or transfers of work; synopses of labor contracts with other unions; and biographical information on executives and negotiators.

## Management side lags

Little comparable is done, with a few notable exceptions, by international management organizations. They suffer from shortages of funds, personnel, and computer time. One large employer organization in Europe has only three people, including a secretary, collecting information and suggesting policy on transnational bargaining. The three do as best they can, but their effort pales by comparison with those of several international union secretariats in Geneva, each of which has a score or more people gathering information and preparing position papers.

One leading authority on transnational bargaining is the University of Wisconsin's Prof. Everett M. Kassalow, who is completing a 15-month study of the subject in Europe for the International Labor Organization. He sees particular significance

in the growth of worker participation—the practice of putting workers on company boards of directors. Already a fact of corporate life in Germany, Sweden and several other European nations, it will reach Britain "within five years," he predicts, and then will jump the Atlantic to American and Canadian companies.

Obviously, its spread would spur transnational bargaining because, with union members on boards of directors of multinationals, union demands would be more sympathetically considered.

Another authority, Prof. Ben Roberts of the London School of Economics and Political Science, who sees "a serious effort to extend the scope of collective bargaining from within the national state to an international scale," runs down a list of meetings between companies and international unionists over labor contracts, boycotts, strikes, and transfer of work to other countries.

On both the management and labor sides, there is agreement about the tempo of the unions' transnational bargaining drive. It is definitely increasing, says Raphaël Lagasse, Secretary General of Geneva's International Organization of Employers, which is backed by multinational and other firms around the world and which works closely with the International Labor Organization.

Daniel Benedict, Assistant General Secretary of the Metalworkers' Federation, says transnational meetings "are increasing steadily in numbers and expanding into additional phases of union-management problems."

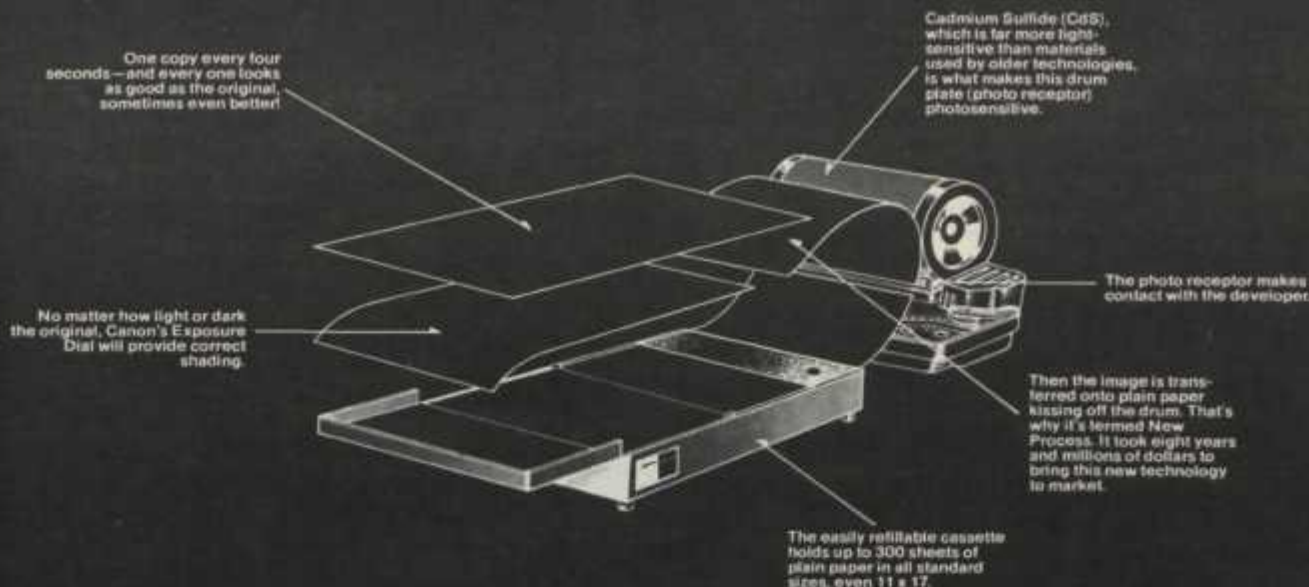
## Just talk?

Many times, international unions claim to have negotiated with multinational firms at sessions which the companies insist were only talks.

Two years ago, for example, there were four sessions between Philips, the Dutch-based, world-wide electronics giant, and union workers from a dozen countries. Unions claimed "progress in bargaining," but the company said no such thing had transpired. Philips canceled a fifth scheduled meeting and it has never been held.

On the other hand, there was a definite step toward transnational





# Canon's technology produces copy quality that can't be duplicated.

Canon's new plain paper copiers, the NP-70 and NP-L7, may look like other convenience copiers on the market. But don't let appearances deceive you.

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## Will Unions Win International Bargaining? *continued*

bargaining three years ago when another Dutch multinational firm, AKZO—manufacturer of wire cables, electrical connectors, and fibers in the United States as well as other countries—tried to close some installations in the Netherlands, Belgium, Switzerland, and Germany. About 6,000 workers were to lose their jobs.

Quickly, Dutch workers contacted brother unionists in the other countries and there was a joint offensive. Sit-ins followed protest meetings in plants. Soon, the company reversed its decision—the plants stayed open. Later, AKZO and the unions agreed to prior negotiations before closing of facilities.

### From Belgium to Dixie

Other examples of union action across national lines:

- A Belgian company was setting up a subsidiary in the American South several years ago and unionized U.S. metal workers tried to organize the plant. The company bitterly opposed them. The Americans appealed to trade unionists at the company's home plant in Belgium, and they had a threatening session with company officials. The anti-union campaign ended. The plant was unionized.
- A group of workers for a company in France staged a violent demonstration because of what they claimed was ill treatment of employees in company operations in Brazil. The company has never admitted altering its handling of Brazilian workers, but unionists claim the demonstration forced a change.

There have been numerous cases of unionists in one country interceding on behalf of union causes in their company in other countries. Companies involved include Fokker, Nissan, Nestlé, St. Gobain, National Airlines, Rothman's, Brown Boveri, Volkswagen, Shell, Oetker, British Leyland, GM and Ford.

"Union officials are convinced that crucial industrial relations and production decisions affecting their members employed by a multinational subsidiary are usually made outside the country where the subsidiary is located, or in the light of orders and standards established by the foreign headquarters," says Prof. David H. Blake of the University of

Pittsburgh's Graduate School of Business.

Due to this attitude, he says, "a number of trade union organizations, spearheaded in some cases by American unions, have worked to develop mechanisms and strategies which would provide trade unions with an international presence and strength comparable to that of the corporations."

### "Continued pressure"

Robert Copp, Overseas Liaison Manager of the Ford Motor Co. labor relations staff, and Douglas H. Soutar, Vice President of Industrial Relations, American Smelting and Refining Co., also are well-informed on transnational bargaining.

Mr. Copp says the "growth of international business and of the international trade union secretariats are sure to create continued pressure" for it. Mr. Soutar notes that the secretariats have good opportunities to gather and exchange information, promote "solidarity," and coordinate bargaining at the international level. However, he says that some union claims of progress toward international bargaining have been "substantially overstated."

Charles Levinson, General Secretary of the International Federation of Chemical and General Workers in Geneva, is one unionist often accused of such overstatement.

In London, Len Murray, General Secretary of the Trades Union Congress, which is roughly the British equivalent of the AFL-CIO, says transnational unionism is not a revolutionary departure from the past, but a step in an evolutionary process. It has a precedent, he says, in a U.S. development of the last century—individual unions throughout the country combining in national unions.

At least one push for transnational union activity has a motive that can be presumed to be revolutionary, however. Its source is the Prague-based and Soviet-controlled World Federation of Trade Unions, which Western European unionists say is trying to foment strikes in their territories.

Among a score of authorities interviewed for this article, there is general agreement that one of the great

thrusts for expansion of transnational bargaining will be within the European Economic Community (Common Market), and that many American multinational companies will be affected because they operate in the Market. In the next few years, the EEC is expected to produce a European Company Law which will standardize corporate structures and could give a big lift to the union transnational bargaining drive.

Other factors favoring transnational bargaining include the free movement of labor within the EEC; the approaching equalization or near-equalization of pay for workers in Western Europe and the U.S.; the existence of so many multinational firms of such great variety; unemployment rates which encourage workers to seek more security through joint efforts; and rising fortunes and increasing skills of workers in underdeveloped countries.

### Union jealousies

In addition to company resistance, many factors are working within organized labor to delay transnational bargaining. They include European unions' distrust of their American "brothers"; nationalism; jealousies; differences in attitudes toward capitalism in general and some companies in particular; the fact that many U.S. unions negotiate on an industry basis while most European unions bargain with companies separately and even on a plant-by-plant basis; and the fact that most European unions want smaller gaps between the remuneration of skilled workers and those with less skill, while American unions tend to seek greater rewards for the skilled.

As noted earlier, unions say there have been quite a few "negotiations" between management and international unionists while company officials say there have been "talks."

When does a talk become a negotiating session? The answer isn't always clear.

But it is clear that out of some of these sessions—whether they are talks or negotiations—have come agreements affecting company fortunes, and that the tempo of these events is increasing.

—STERLING G. SLAPPEY



# A Bicentennial Salute to American Business

**GREAT MEN &  
GREAT MOMENTS OF  
AMERICAN BUSINESS**

(Trumpet Fanfare)

**THE  
WILLIAM RUSSELL KELLY  
STORY**

The year, 1946, and as America enjoys a post-war boom, paperwork proliferates as never before.



Some days, office workers are swamped with it. But only some days.



In Detroit, William Russell Kelly has an idea.



Why not send qualified employees from his office to provide on the spot help when a firm has a problem—or before it does?



It worked. Soon, Kelly Girl was nationwide. Then international. William Russell Kelly's pioneering concept helped found an industry—



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This has been a presentation of the Chamber of Commerce of the United States



In celebration of America's Bicentennial.

This is one of a series of educational public service messages being shown on television across the nation. They are based on articles which appeared in Nation's Business.





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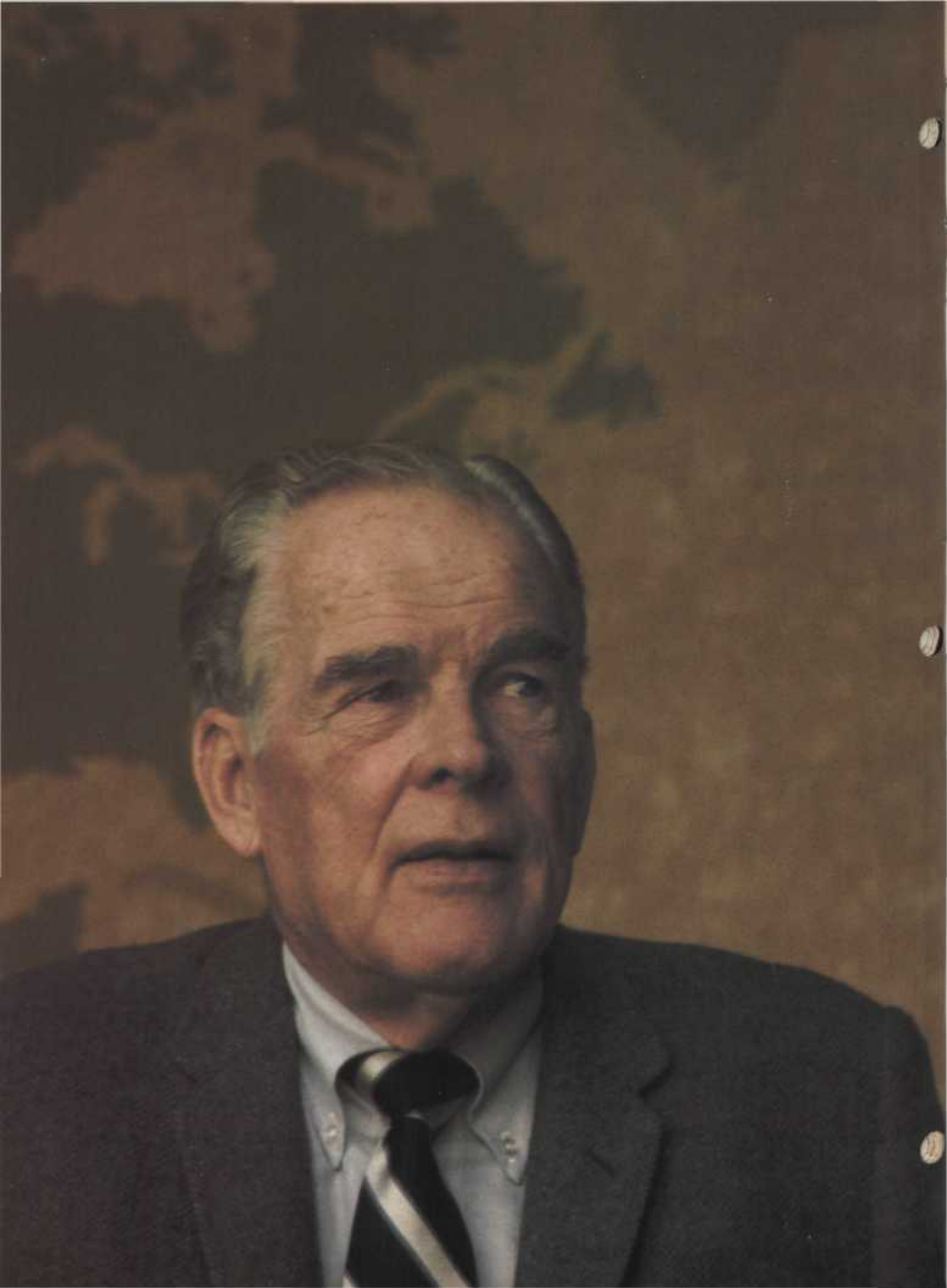
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# How Justin Dart Turns Big Risks Into Big Profits

The head of Dart Industries sometimes follows unconventional wisdom, but he wins often. This is a story of striking success in management

**"R**ISK is a question of mental attitude. You have to be prepared to lose once in a while. Running scared is a bad way to play poker, run a business, or handle your family life. One of the things you look for in leadership among men is to find a guy who has guts."

These words appear in a pamphlet titled, "The Management Philosophy of Dart Industries, Inc."

Actually, they embody the life of their author, Justin Whitlock Dart, 67, who is Chairman and Chief Executive Officer of the Los Angeles-based conglomerate.

Justin Dart has taken plenty of risks and has won more times than he has lost. The guts that helped him twice win All-Big Ten Conference honors as a football guard at Northwestern University have served him well throughout his corporate career.

At 32 he was General Manager of Chicago-based Walgreen Drug Co.

and its 375 drugstores. At 34 he was in Boston as Vice President of United-Rexall Drugs, with its 582 company-owned drugstores and 12,500 franchised outlets, and at 35 he was the company's President. Not long afterward, he turned down the presidency of Montgomery Ward and a big increase in pay.

Under his aegis, United-Rexall has become Los Angeles-based Dart Industries, which has virtually pulled out of the drugstore business but has created or acquired some 50 companies that produce everything from coffee makers to chlorinators.

Justin Dart has always dared to be different.

He joined Walgreen's in 1929 "when nobody with a grain of sense would go into the drug business."

He went into polyethylene manufacturing when a Massachusetts Institute of Technology expert and several giant chemical companies prac-



## Lessons of Leadership: Justin Dart *continued*

tically called him a fool for doing so.

He bought Tupperware after his board of directors tried to convince him plastic housewares were a passing fad. (Dart Industries' Tupperware division has increased its production capacity more than 15 times since it was acquired in 1958.)

He launched a pharmaceutical house to develop and produce a high blood pressure pill which he was convinced could control his own blood pressure. (It did. Not only that, but the business, which was launched with a few thousand dollars of Mr. Dart's money, later was sold to the 3M Co. for stock worth over \$160 million.)

He married a movie starlet of considerable promise although her studio, Warner Brothers, issued a press release predicting the marriage wouldn't survive. (Jane Bryan was a protégé of Bette Davis. When Miss Bryan asked Miss Davis for advice on whether to wed or pursue a film career, Miss Davis urged matrimony. The Darts have been married for 35 years and have three children.)

Mr. Dart's first marriage, to Ruth Walgreen, daughter of chain-drug-store wizard Charles S. Walgreen, Sr., ended in divorce. (Marrying the boss' daughter and going to work for him was not Mr. Dart's formula for success, although indeed he did both. He started as a stockboy, learned the business from the bottom up, and within nine years was general manager.)

When Justin Dart took over the presidency of Rexall in 1942, he was considered the wonder boy of the drug industry. Profits soared those first few years. Then, he engineered a drastic reorganization, slashing the number of company-owned stores from 582 to 160, and profits took a nose dive.

"Before I look better, I am going to look worse," he told a disturbed board of directors.

And he was right. Rexall lost almost \$1.2 million in 1949, largely as a result of selling off outmoded, wholly owned stores before they could be replaced by new franchise stores. But the turnaround came. Profits soared from \$3.3 million in 1954 to \$16 million ten years later.

Dart Industries continues to grow.

Earnings per share have risen from \$1.66 in 1970 to \$2.92 last year. Sales broke the billion-dollar mark for the first time in 1974.

The company pamphlet on Dart's management philosophy helps explain that growth:

"This progress has largely resulted from successfully embracing new opportunities and from providing a climate in which these enterprises could grow more rapidly and more soundly."

In an interview with a NATION'S BUSINESS editor, Justin Dart spells out this philosophy in further detail.

**Is it true that you turned down a job as President of Montgomery Ward for \$150,000 a year while you were making \$75,000 a year as President of United Drug Co.?**

Well, yes, but it bears explaining. I was offered the presidency of Montgomery Ward under Sewell Avery, who was Chairman, at the time I was President of what was then United Drug. Someone tipped off the Chicago Tribune and it was publicized that I was to be the new head of Montgomery Ward.

I forget what the salary offer was but it was substantially higher than I was making. Fortunately, during negotiations with Mr. Avery, I asked him: "If I come in as President, who is going to be the boss, you or me?"

That got to him and he shot back: "I find that question revolting."

"Well," I said, "isn't it a good thing, then, that I asked it?"

**Why did you ask him that?**

I thought it was important to find out before I took the job if it would be a job with just a title or with responsibility.

**And you didn't take the job?**

I turned it down.

**You helped pioneer the concept of the super-drugstore, did you not?**

Yes. It was while I was with the Walgreen Co. I had a very close relationship with Mr. Walgreen, and he let me do a lot of crazy things.

**It was your idea to create a separate eating area in drugstores?**

Yes. I was tired of watching cus-

tomers munching on sandwiches and drinking ice-cream sodas while staring at a stack of toilet paper or a display of other inappropriate items.

**How did you correct that?**

It was very simple. Why not a row of booths running along a line of backup display counters? I chose a Walgreen drugstore on South Shore Drive which was Mr. Walgreen's favorite. While he was out of town on an extended stay, I had the work done.

When it was all finished, and he had returned to Chicago, I went to him and said: "Pop, come on down to the drugstore. I want to show you something."

While he walked around the store,

**"When you have layers and layers of authority, you simply breed bureaucracy."**





# Why Puerto Rico is the most profitable of Omark Industries' 14 plant sites in 5 countries

Here are the reasons why this Oregon metals fabricator's plant in Puerto Rico is their leading profit maker worldwide.

Send in the coupon below to discover what these same reasons can mean to you and your company's profits.

**O**MARK INDUSTRIES, a major manufacturer of cutting chain, hydraulic loaders and industrial fasteners, started in Puerto Rico in 1965 with a cutting-chain plant in Bayamón.

Last year, this single 45,000-sq.-ft. facility earned over half of the company's total after-tax profits. Here are some of the reasons why.

## 100% tax exemption

Although Puerto Rico is an integral part of the U.S., there are no federal taxes. What's more, Puerto Rico offers qualified manufacturers like Omark 100% exemption from all local taxes for up to 30 years. In Puerto Rico, the profit you make is the profit you keep.

In 1974, this combination of tax exemptions alone contributed \$2,500,000 to Omark's net income of \$9.8 million.

## 51% of profits

The income from the sale of products made in the Puerto Rican plant, combined with the tax benefit, contributed a total of \$5 million—an astounding 51% of the company's entire profits worldwide.

In 1965, Omark sent 12 workers from Puerto Rico to the company's Portland, Oregon, headquarters to be trained as plant foremen. They worked hard and learned fast.

## All personnel Puerto Rican

These men returned to start up the Bayamón plant together with Omark supervisors from the U.S. mainland. Today, every one of the 230 people in that plant, management and labor, is Puerto Rican.

Their record of productivity and willingness to work hard speaks for itself. Between 1970 and 1974, output



Omark's 230-man Bayamón plant is staffed entirely by Puerto Ricans, workers and management.

from the Bayamón facility almost doubled without hiring any new employees.

## 3 hours to New York

About 40% of the saw chain made by Omark in Puerto Rico is shipped to the U.S. mainland. Air freight reaches Miami in only two hours, New York in three hours. Puerto Rico's modern fleet of container and trailer ships make weekend deliveries to New York in only 84 hours.

No plant location on the island is more than three hours from a major port over Puerto Rico's 6,500-mile network of paved roads. San Juan alone is served by 30 shipping lines and 15 scheduled airlines.

## Government cooperation

Puerto Rico's Economic Development Administration (Fomento) helped Omark and is ready to help you. How? By smoothing your way with government agencies. By helping you select and train workers. By doing what needs to be done to expedite plant start-up.

The Puerto Rico Industrial Development Co. (PRIDCO) will give you the benefit of its know-how in the selection and preparation of a plant site. They can show you their "shopping list" of choice industrial locations, with over 1,000,000 sq. ft. of factory space ready for immediate occupancy.

## Many companies expanding

If you need to expand but are hesitant in the present uncertain economy, consider this—Puerto Rico's unique combination of incentives continues

to attract new manufacturers and to encourage many already on the island to expand operations there.

Omark is one of those who are expanding. The company plans to invest \$2 million to expand its Bayamón facility and has applied for a 25-year tax exemption for a new 35,000-sq.-ft. plant in Cidra in central Puerto Rico.

## Send for profit booklet

Omark is only one of the many U.S. manufacturers who have made more profits in Puerto Rico than in any other industrial location.

Get the full story on how Puerto Rico manages to continue to attract industry even in the midst of economic uncertainty. Send this coupon today for our new 20-page booklet.

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Please send me your free new booklet, **PUERTO RICO—PROFIT ISLAND, U.S.A.**, with up-to-date facts and figures which explain how, even in today's uncertain economy, Puerto Rico provides manufacturers a profitable climate unmatched anywhere.

The products I might be interested in manufacturing in Puerto Rico are:

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Company \_\_\_\_\_

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## Lessons of Leadership: Justin Dart *continued*

taking it all in and saying nothing, I noticed his neck getting redder and redder. Finally, he looked at me and said: "Don't you ever do anything like this again without my permission."

"Yes, sir," I said.

"But," he added quickly, "this is the best damned drugstore layout I've ever seen."

**That set the pattern for most of the drugstores in the chain, didn't it?**

Yes, it did.

**Your first job was with Walgreen's?**

Yes, and Mr. Walgreen practically carried me in his arms while he taught me the business. I had just gotten out of Northwestern in 1929 and the economy was still going strong. He gave me a job as a stock-boy at \$75 a week. This was more than I was worth, but those were inflated times. I learned the merchandise, got promoted to drug clerk and then to store checker.

**And it wasn't long before you were running the entire operation?**

After about three years, I was named general manager. I was not a registered pharmacist, so I couldn't be president. Both Mr. Walgreen and his son, Charles, Jr., were pharmacists.

I was not really ready for the general manager's job and I still had a lot of on-the-job learning to accomplish. But I was imaginative enough to be constructive and inexperienced enough to cost them money.

My advance was aided by Mr. Walgreen, with whom I had become enormously close. He took me under his wing to see how much he could teach me. I have always been especially appreciative.

**You made a lot of money for Walgreen's when Prohibition ended, didn't you?**

That's an interesting story. Congress had voted repeal of Prohibition and it was to go into effect in a few months. I went to Mr. Walgreen and told him I would like to crank up a sales force and go out and sell some of that bourbon that had been lying around warehouses since 1917. He told me: "Well, go ahead."

Then I bought some of that bourbon.

The treasurer of the company stormed into Mr. Walgreen's office and said: "Do you know what that crazy son-in-law of yours has done?"

"Well, no, what?" Mr. Walgreen said.

"He bought 25,000 cases of bourbon."

So Mr. Walgreen promptly called me in and demanded: "What in the name of God are you going to do with 25,000 cases of bourbon?"

"Well," I said, "I am going to sell it."

So he said: "You had damned well better."

Not only did we sell the 25,000 cases but another 25,000 as well. One day, Mr. Walgreen summoned me to his office and said: "How much money do you make?"

"I make \$325 a month," I said.

He said: "Do you know how much money you have made the company?"

"Well, I know we are doing fine," I said. "But I haven't really taken time off to figure out how much."

**How much was it?**

I think it was more than \$500,000. At any rate, Mr. Walgreen told me: "I am going to increase your salary \$10,000 a year." Which meant my pay rose to \$13,900.

**Wasn't Mr. Walgreen involved in an incident you had with an ad salesman?**

Yes. You're referring to the advertising head of the Chicago Herald-American, who was trying to sell us advertising space. I couldn't get rid of the guy. He was persistent. I took a big box of body powder off my desk and put it on the floor. Then I walked over to my golf bag and pulled out a sand wedge.

I told this guy: "My friend, if you don't get the hell out of here, I'm going to blast this stuff smack in your face."

"You wouldn't dare," said the ad man.

With that I let him have it and, boy, he looked like Santa Claus from head to foot.

He knew Mr. Walgreen well and got him on the phone. "C.R.," he



**"Running scared is a bad way to run a business."**

said, "come down to Just Dart's office right away."

Mr. Walgreen came down, pushed the door open, looked in, and then closed the door. He sent for his secretary, got her to look into my office, then told her: "Mary, why can't we ever have any fun like this in our office?"

**How did you happen to leave Walgreen's?**

I was fired. You see, I was made general manager after I was divorced by Mr. Walgreen's daughter. Frankly, I was out of place. His son was a heck of a nice guy, and an able guy. He wanted to run the business.

And at that time I was really in-



sensitive to the feelings of other people. As a football player, I had learned not to go around, but to go straight over. And, of course, this bruised people.

I deserved to be fired. But it taught me a great lesson and it provided me with enormous opportunity. If I had stayed at Walgreen's, I would always have been the ex-son-in-law.

When I got tossed out, I started looking around and found United Drug, which was floundering. I didn't

ting it. In his law practice, he was representing United Drug stockholders in opposition to my selection. At a meeting of the board he brought up a number of charges of things I had done wrong at Walgreen's. After he read them off—about 20 in all—someone on the board said:

"Well, now, young man, how do you reply to these charges?"

So I answered: "Well, that's easy. It is a very incomplete list. If you have the time to listen I can double

Actually, very helpful. We had the Seamless Rubber Co., which was making surgical supplies and surgeon's gloves. We had a candy factory which all of a sudden became profitable. Because of the sugar quota, you could forget about the 29-cent-a-pound candy and go to your \$1- and \$2-a-pound candy. The war gave us a real breather.

**You were going to tell me how high blood pressure kept you out of the service.**

Yes. When the army turned me down, I was very upset. Here I was only 35. I had a lot of hours in the air and I wanted to fly.

I visited the company doctor and told him: "There has to be something you can do to control blood pressure. Haven't you got any medication at all?"

"No, but we've got a lead," he said. "It's called veratrum viride, a root that grows in Canada. This might be extremely helpful if we could obtain it."

"Well, I'll get it for you," I said.

"But you're not in that business," he said.

"We will be tomorrow," I told him.

I put up about \$7,000 of my own money to show how much I believed in this. That's how we started Riker Laboratories. We went from veratrum viride to rauwolfia serpentina, a natural Indian root. We struggled, in the beginning. One of our board members warned me: "If you don't liquidate Riker I'm going to get off your board."

"We are going to be terribly sorry to lose you," I told him, "because we think awfully well of you. But we are not going to liquidate Riker."

At one point, we were losing a half-million dollars a year at Riker when the whole company was making only a million and a half dollars. But we persisted, held on, and grew.

Then the 3M Co. came along and made us an offer and we sold.

**For how much?**

We got close to 1.5 million shares of 3M stock. So I was glad we hadn't liquidated Riker.

**Well, about that blood pressure medicine. Did it work?**

---

**"You only reach a respectable bottom-line figure when you provide a quality product, back it up with good service, and sell at the best possible price."**

---

have sense enough to know I couldn't make it fly and that was an advantage. I've been here ever since.

**How did the Montgomery Ward offer come about?**

It was near the close of World War II and I was now with United Drug in Boston. I couldn't get into service because I had high blood pressure. But that's another story.

I had run the United War Fund in Boston, with some success, and that brought me to the attention of the Cabots. They passed the word around, like: "Hey, we've got a young fellow here in Boston you ought to look at."

That word got to Arthur Andersen, the founder of the Arthur Andersen accounting firm, who in turn got to Sewell Avery. Then I was offered the presidency of Ward's.

**You began at United Drug as a vice president. Didn't Thomas E. Dewey, whom Franklin Roosevelt and Harry Truman later defeated for the Presidency, play a part in your getting the job?**

Well, he tried to keep me from get-

ting it. In his law practice, he was representing United Drug stockholders in opposition to my selection. At a meeting of the board he brought up a number of charges of things I had done wrong at Walgreen's. After he read them off—about 20 in all—someone on the board said:

"I can't think of any important errors he has made," I said. "I made the errors."

That broke the ice and they broke into laughter. One of the board members said finally: "We think you'll do."

**You made some changes when you took over as president, didn't you?**

Yes. United Drug operated a number of drugstores and it also had the Rexall franchise operation owned by independent businessmen who participated in joint Rexall advertising and merchandising. Rexall was a drugstore but not a brand name. So we set out to create a brand. We pulled that up from nothing to something.

We upgraded the dealers' stores, putting in Rexall equipment and Rexall store layouts. This was really applying the old Walgreen layout of dividing the store.

**What effect did World War II have on Rexall?**



## Lessons of Leadership: Justin Dart *continued*

Oh, yes. And I still use it. I could pass a life insurance examination today, 32 years later.

**And you really started Riker because you were looking for something to control your own blood pressure?**

That's entirely correct. You won't find that in the Harvard Business School manual, but if it works, that's what counts.

**What is your philosophy on acquisition?**

I think you should acquire things that either fit into your business or look so attractive that you ought to set out to learn a new business.

**What's an example of the latter?**

Tupperware, which turned out to be our most successful acquisition. Steve Payne, of the brokers, Payne, Weber, Jackson and Curtis—they were awfully good friends of ours in Boston—called me up one day and said: "You know, there is a kind of

screwy company here that I think you ought to look at."

That was Tupperware, and we looked at it. At the next directors' meeting, I recommended that we buy it. But one of the directors objected and said: "We don't know anything about that type of direct selling business and it's probably a fad. We would rather you didn't buy it."

I was sick. I called Earl Tupper [the founder] and said: "We are sorry, they said no."

But I couldn't sleep for a week. I called a new directors' meeting and told them: "Look, I don't want you to say no this time. I've got a gut feeling about this thing." It was really no more than that. And it turned out to be a fortunate call. The directors approved the purchase.

**When you went into a joint venture with El Paso Natural Gas to manufacture polyethylene, did you meet with the same skepticism from directors?**

Not really. They were willing to go along. But there were other problems. We tried to get a license from ICI, from DuPont, from Carbide, and so on, but they didn't want drug clerks in the chemical manufacturing business.

We set out to merge with Union Oil of Louisiana. They were big producers of gas and we had the concept for polyethylene. We figured it was wise to get in with somebody who not only had more money than we but who also had the raw material, the feedstock.

They got hold of the head petrochemical man at MIT and told him what we were planning to do in creating our own process. The MIT man told them:

"Forget it. There isn't one chance in ten to make a success of it."

**What happened then?**

We went to El Paso. They also had the money and the feedstock—methane and other gases extracted from natural gas. We sold them half of Imco, our plastic packaging business.

The polyethylene plant was built. In the beginning it was a struggle. Market prices had collapsed. But it now is a very successful operation. We are licensing our processes to a rather incredible list of companies, including Shell and Exxon, which is kind of ridiculous when you consider we only started in business in 1960.

**What's your idea on how a board of directors should function?**

A board essentially has really just one job and that is to evaluate management and support it, or fail to support it and plan for successor management when current management is failing.

**You are a great believer in bringing outsiders onto boards, aren't you?**

Yes, but insiders as well.

**At one point you had four outsiders and yourself on the executive committee.**

Yes, and we still did up to this year. Some months ago we added our president and our vice chairman of the board.

**Does that work much better?**

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**You buy good fence by the year. Not by the foot.**



## Lessons of Leadership: Justin Dart *continued*

It all depends on who you have. We had on the executive committee for quite a long period the late Earl Anderson, who was the chief financial officer for Beechnut. A very able man.

Then we got Ernest Breech when he retired as Board Chairman of Ford at 63. He stayed with us while he was Trans World Airlines' Board Chairman later. Ernie doesn't need any analyzing.

And then we got Gen. Alfred M. Gruenther, who'd been Supreme Allied Commander in Europe and later headed the American Red Cross.

### How did the general fit in?

That's an interesting story. I was riding a golf cart one day with Dwight Eisenhower after his terms in the Presidency and I said: "Mr. President, if you could put your finger on one man and make him President of the United States, whom would you pick?"

He answered: "Al Gruenther."

I said: "You came up with that pretty fast, didn't you?"

The President answered: "Well, you asked me."

Then Mr. Eisenhower told me Gen. Gruenther was reaching mandatory retirement age of 65 at the Red Cross within a month.

I asked: "Do you suppose he would like to be on our board and on our executive committee?"

Mr. Eisenhower asked in return: "Do you want me to get him for you?"

Then I said: "Mr. President, we have had some high-priced headhunters in our time, but nobody in your class. Go get him."

### And did Mr. Eisenhower follow through?

Oh yes. And Gen. Gruenther is still with us more than 11 years later.

### What do you look for in people you want to move up the ladder in the company?

Integrity, of course, is first. I give that the highest priority, because without integrity you haven't got anything.

Then, willingness to work. People who are self-motivated and don't

have to be kicked in the tail. People who are imaginative, courageous, and get along well with other people. I remember how immature I was in relationships with other people early in my career. I don't want anybody who was like me then around now.

### How do you motivate your employees?

I don't know that I know. I try to recognize people for what they do and try not to be the Big I. I know that I am concerned about people and interested in people.

I suppose I give loyalty and support. That is probably the only way you get it back.

In that respect I have been enormously fortunate.

### Is organizational bureaucracy a problem at Dart Industries?

I don't think so. We try to use the shortest possible lines of communication as a hedge against this kind of bureaucracy. When you have layers and layers of authority, you simply breed bureaucracy.

I keep trying to sell this philosophy because I believe in it. Two or three other companies were trying to buy Tupperware at the time we purchased it. In the case of one of these companies, they weren't going to have an executive committee meeting for another two months or so. So they didn't have the flexibility.

I learned a lot from Charlie Jones, who used to run Atlantic-Richfield. He wanted to know where his officers and key people were 24 hours a day. They didn't have to be in any particular place, but they had a communications center that knew where they were.

I think this business of being fast on your feet, being able to act directly, and having executive committee meetings over the phone—all these help.

### What's your view on taking risks?

Well, we sure as hell have taken our share. I don't think that with the status of our company what it is today we would take some of the same risks, like the one on the chemical deal. On paper, that was probably a bum risk, but it came off beautifully.

However, we should take some risks, reasonable risks. When you are bootstrapping, you know, you might throw the long pass.

But if you know a little bit more about what you are doing, you might throw a sideline pass and not get intercepted so often.

### Dart moved across the billion-dollar mark in sales last year, didn't it?

Yes, we did about \$1.2 billion.

### How do you feel, achieving this milestone?

It doesn't particularly impress me as much as some other figures. Volume doesn't mean a damned thing.

The most meaningful thing to me is the bottom line. You only reach a respectable bottom-line figure when you provide a quality product, back it up with good service, and sell at the best possible price. Profits are important, too, if business is to discharge its responsibilities in the areas of equal employment opportunity and the environment.

### How about the posture of American business today? Any comments?

Well, I certainly feel very strongly that we as business people have to tell our story better to the many publics which make up the American audience. We are doing it horribly. We must activate, catalog, and orchestrate the many instruments we have, and get on with telling our story.

We are in an almost desperate position. People don't understand us. They don't want to understand us. And we don't help them to understand us.

This is the No. 1 problem of American business as far as I am concerned.

If we don't change our image, we're up the river. **END**

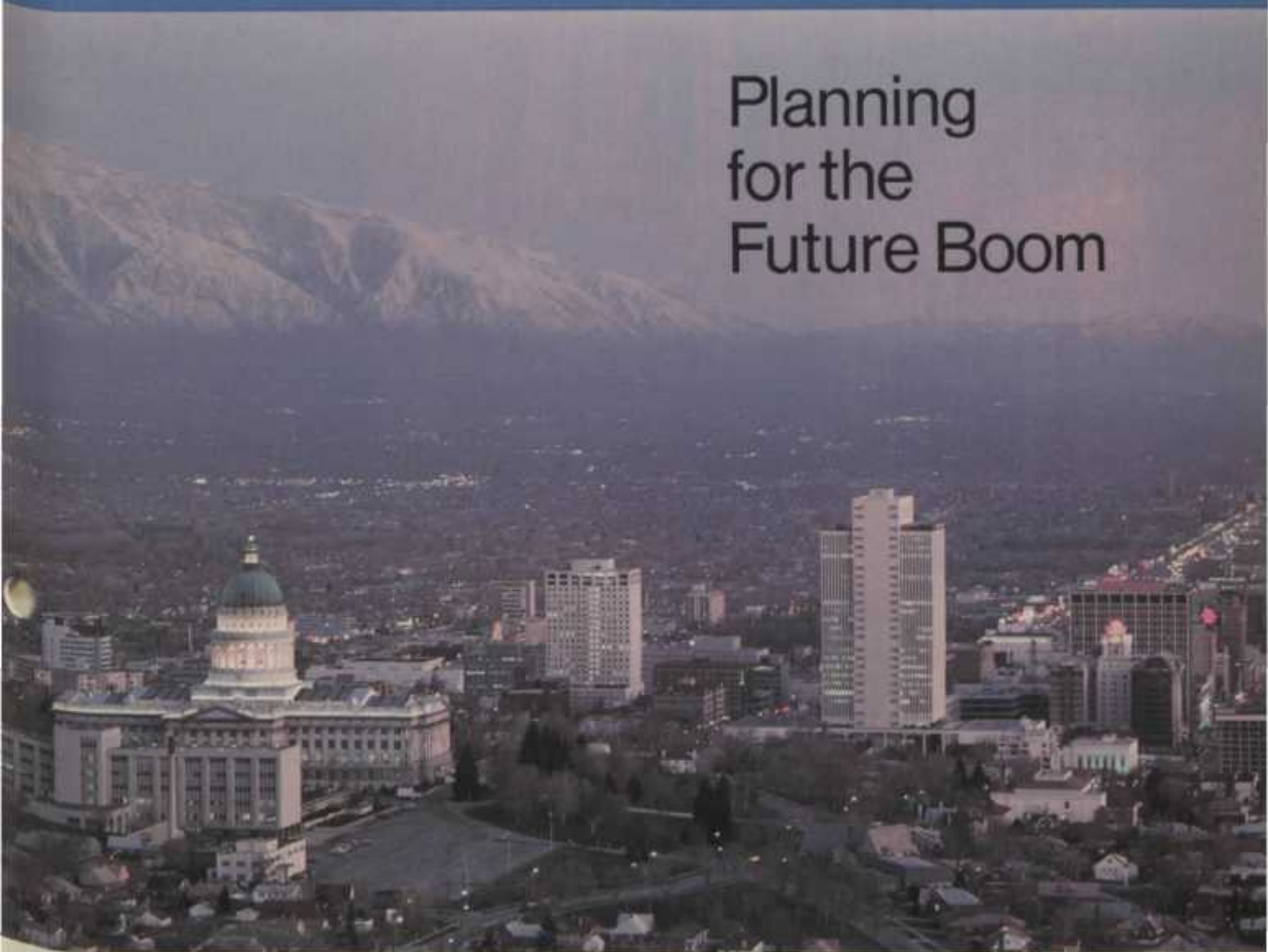
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A BICENTENNIAL SALUTE TO AMERICAN CITIES:

# SALT LAKE CITY

## Planning for the Future Boom



**I**F YOU'VE WATCHED some of those old Western movies that are still shown regularly on television, it isn't too difficult to imagine this scene:

A group of mountain men, bundled in fur, are huddled around a campfire, chewing dried, tough strips of venison.

"I told that tenderfoot Brigham Young if he brought them Easterners to that valley, I'd give him a thousand dollars for the first ear of corn or grain of wheat he could grow," grumbles one of them, a Chill Wills-type character.

Legend has it that Jim Bridger, the

most famous mountain man of them all, really did make this never-honored promise involving Utah's Valley of the Great Salt Lake. And history records that Brigham Young chose the valley for settlement by his Mormons—members of The Church of Jesus Christ of Latter-day Saints—because he thought they could live there in isolation. "If there is a place that nobody wants, that's the place I'm looking for," he had said.

Both men were wrong about the valley. It produced mountains of corn and wheat, among other things, and the Mormons were followed by

throng of other Americans seeking their fortunes there.

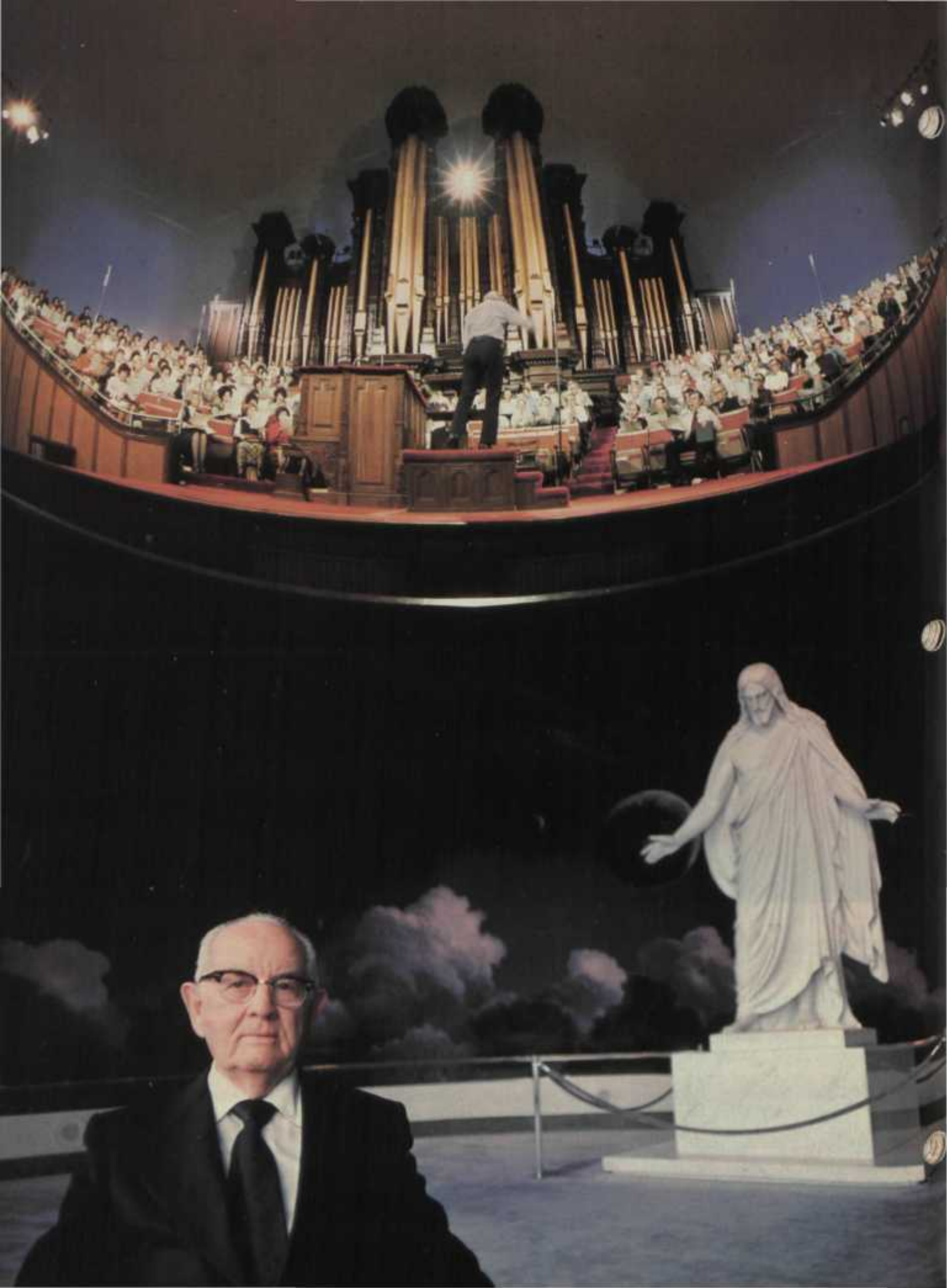
Today, its principal population center, Salt Lake City, is a monument to both waves of settlers—a booming, beautiful metropolis with a rich heritage and a seemingly richer future.

### **The making of millionaires**

It's a city which, in the beginning, could only survive if its people produced almost all of what they needed: grow it, mine it, mill it, sew it, or forge it.

The pioneers who came in ox-









Music is important to The Church of Jesus Christ of Latter-day Saints. The 375-voice Tabernacle Choir (top, left) is a majestic sight, even in practice. For 50 years, the organist for the Tabernacle has been Dr. Alexander Schreiner, shown (above) with Wendell J. Ashton, President of the Utah Symphony, another noted cultural institution in Salt Lake City. Spencer W. Kimball (below, left, in the reception area of the Visitors Center at Temple Square) is the twelfth President of the church, which now has more than three million members.

PHOTOGRAPHS BY MARC ST. GIL—BLACK STAR

drawn wagons or pushing handcarts across the Rocky Mountains did just that. Other settlers who came a generation later, traveling an easier way—by railroad—did, too, but they also became exporters of natural resources that were to make millionaires and lay the foundation of great industries.

Those who come today—by auto, jetliner, and bus, which have largely displaced the passenger train—are now in the process of creating a new economy with heavy emphasis on warehousing and distribution and the large-scale development of old fuel sources for a contemporary reason: the energy crunch.

"If you want to know where the future boom will come," says Gov.

Calvin L. Rampton, in his office in the 59-year-old Capitol, a smaller version of the one in Washington, "it's in the energy field. We've got four areas for real growth: oil, natural gas, coal, and oil shale."

These mineral riches lie in far-flung portions of the state, but Salt Lake City will be the financial center that will spur the development, and it will surely be the headquarters for many of the companies that will come.

"Our growth is inevitable," says real estate financier M. Walker Wallace, Chairman of Wallace Associates, Inc., and a descendant of the four pioneer Walker brothers who founded one of the city's first business dynasties. "I suppose the only thing we have to worry about is how we do it."

Says Gov. Rampton: "History has pretty well told all about our past problems. We've got some problems now, too, economically, in a lot of areas. But we've got a great future."

The problems the governor speaks about as he rounds out a decade in office—creating enough jobs, providing enough water for industrial growth, and keeping that growth compatible with a high quality of life—are those of Salt Lake City and the state as a whole. The former is so dominant in Utah that you can hardly separate the two.

## Flight from persecution

Just about everyone knows the basic story of the Mormons and their journeys in the early years of the last century to find a place to live and worship without persecution. They failed to find it in Missouri or Illinois. So, in 1846, their leader, Brigham Young, started 15,000 people—most in wagons, but many pushing carts or even carrying all their possessions on their backs—heading west with their cattle and sheep and seed, seeking the place nobody wanted.

After a 1,300-mile trek, the Mormons came through what is now called Emigration Canyon in the Rockies' Wasatch Range, and their leader announced: "This is the place."

The vast, unmarked basin which Brigham Young saw for the first

time in July of 1847 is one of a series of valleys that stretch nearly 150 miles long and 15 miles wide—the "Wasatch Front," running from Brigham City at one end to Provo on the other. In the middle is Salt Lake City, Utah's economic, cultural, and political hub which, with its environs, contains 80 percent of the state's 1.4 million population.

This concentration of population in a state with a rugged, mountain-desert-valley land area of 84,916 square miles (70 percent owned by the federal government) makes Utah the nation's eleventh most urbanized state, a fact that comes as a surprise to most visitors. Much about Salt Lake City surprises them, too.

"Most people know one part of our history," says O.N. Malmquist, a retired political editor of The Salt Lake Tribune who has chronicled much of the city's history in two books. "That's the story of the Latter-day Saints. But what's not as well-known is the other part, the economic part."

## Peaks in economic history

The peaks in Salt Lake City and Utah economic history center around: the gold rush days of 1849, the coming of the transcontinental railroad to the state in 1869, and World War II.

Nature some 60 million years ago formed the valley in which the city lies, creating a basin and an immense lake. It is on the bed of this prehistoric body of water (named Lake Bonneville in the textbooks, for an army captain who surveyed the area in 1836) that the city stands—on sand without bedrock. All that is left of the original lake is the Great Salt Lake 15 miles west of the city. Second only to the Dead Sea in brineness, it is so big (1,500 square miles) that Jim Bridger thought it was the Pacific Ocean when he reached it around 1824.

Pure water from six canyons in the mountains that surround the city gave the Mormons irrigation for their lush farms.

But it was the '49 gold rush to California that brought the first great surge of business activity—many miners went no farther than Utah—and the coming of the railroads 20



# SALT LAKE CITY

continued

years later brought a second surge.

California Gov. Leland Stanford's symbolic driving of the golden spike tying the Central Pacific and Union Pacific into a transcontinental artery at Promontory Summit, Utah, may have had an element of delusion about it—the governor missed, and the telegraph operator faked the sound of a successful clout with his key. But the word that the telegraph key sent out was real enough: East and West were linked.

The improved transportation gave impetus to large-scale development of mining.

Mining, first of gold and silver and then of copper—the world's largest open-pit copper mine, Kennecott's Bingham Canyon operation, is on a site where placer gold mining began in 1865—brought a wave of new settlers. They were a different breed, non-Mormon and nonfarmers. In addition to those who worked with their hands, there were entrepreneurs, men of commerce and industry.

They created a new class, "rich gentlemen," who formed The Alta Club, still the city's most prestigious,

"to present the comforts and luxuries of a home together with the attraction to its members of meeting each other in a pleasant and social way."

In the often-stormy decades before the turn of the century, these later settlers lived in almost complete separation from the pioneers, economically and socially. Mormons patronized their stores, gentiles—as non-Mormons were called—patronized theirs.

## Trading with the nonbrethren

The term "Jack Mormon," a Mormon not of the steadiest practice, supposedly was first applied to members who traded with the nonbrethren. There is one story that a church member brought before a bishops' court for a transgression tried to improve his position by stoutly proclaiming: "What I did wasn't nearly as bad as so-and-so's buying two barrels of flour from the Walker brothers."

Establishment of the Salt Lake Commercial Club, forerunner of the present Chamber of Commerce, at the urging of territorial Gov. Caleb

West in 1887, was the first step in bringing the two factions together.

Federal antagonism to the Mormons' practice of polygamy—which they eventually abandoned—delayed statehood until 1896. Then, Salt Lake City, for the third time, became a capital. It had served as such for the Mormon state of Deseret in the beginning and for the Territory of Utah when it was organized in 1850.

Why, with such spectacular scenery and such an abundance of natural resources, did Salt Lake City and Utah never become another Los Angeles and California?

"I suppose, if you had to have one reason, it would be limited water," says Fred Ball, Executive Vice President of the Salt Lake Chamber.

"You've got to remember," reminds Mayor Conrad Harrison, "that you had booms and busts in mining, too."

## Decline of the Big Two

Until four decades ago, mining and agriculture were the two big employers.

Mining, which yo-yoed for years, soared during World War I when demand for nonferrous raw metals was insatiable. But it collapsed during the Great Depression of the 1930's. Agriculture, which had flourished to the point where a by-product, canning, was the state's seventh largest industry, also slowed.

Both recovered, but never returned to their old stature. Agriculture and mining now account for only three percent each in the state's overall labor force and a much smaller percentage of Salt Lake's total work force of 205,770.

Second only to the coming of the railroad, World War II spurred metropolitan Salt Lake City's growth. One reason for the huge investment in military air bases, ordnance depots, and material centers was the strategic location vis-a-vis the West Coast—far enough away should there be a Japanese invasion, close enough to easily ship finished goods there.

Since then, both Salt Lake City and Utah have kept up slow but steady growth, flourishing in such additional industries as construction, electronics, missile production, and

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But we're more than a natural gas wholesaler.

We're an expanding energy company, determined to improve that average. Through exploration. Through drilling. Through acquisition of new energy sources.

To service high-priority, peak-day requirements, we're developing several new gas storage facilities. Among them: a \$17 million Liquefied Natural Gas plant now under construction in Washington.

And given the nod by regulatory agencies, we're also ready to lay hundreds of miles of new pipeline which will deliver vast quantities of Arctic gas to western U.S. markets.

Northwest Pipeline, the *Energy Helpline* to gas distribution companies, municipalities and industrial customers in seven western states.

Northwest Pipeline Corporation, a wholly-owned subsidiary of Northwest Energy Company. General Offices: P.O. Box 1526, Salt Lake City, Utah 84110. Telephone 801/328-8252.



# Energy Helpline



# SALT LAKE CITY *continued*

tourism—and more recently as a warehousing and distribution center for the Western U.S.

Much of this growth has come as a result of a driving campaign by civic, city, and state leaders. For example, the state some years ago stopped taxing inventories, markedly increasing its attraction for warehousing and distribution.

## High productivity

However, the desire for growth does not mean an absence of all restrictions on industry.

Asserts Gov. Rampton: "I want to balance industry off with a good environment. You know, it's nonsense to think you can't have both."

One major reason Salt Lake City has been successful in attracting compatible industry is its high-quality work force. "I am simply amazed at the productivity we get," says John McGurk, Director of Personnel at the Univac plant with its more than 2,000 employees.

"What we have," says S.C. Johnson, Regional Manager of Sears, Roebuck and President-elect of the Salt Lake Chamber, "is one of the highest-educated, most work-oriented labor forces you will find anywhere."

"This stability in our people is a heritage of the church," comments Harold Steele, President of First Security Bank of Utah. "And speaking of the church, you can't overlook its own economic contributions to this town."

The LDS, as The Church of Latter-day Saints is frequently and familiarly called, has a big economic influence on Salt Lake City, as well as on the remainder of the state. Because of the isolation the church felt in the beginning, it organized its own businesses. And because of its spectacular growth on a world-wide basis, its own ecclesiastic needs make it one of the city's and state's biggest employers. The church has more than 3,000 paid employees, a great many in its new \$31.3 million, 28-

story world headquarters building, the state's tallest structure.

While the church publishes no figures, its income is estimated at more than \$125 million from its industries, and it pays taxes on every cent.

## Belief that work is a blessing

Among church businesses in Salt Lake City is ZCMI (Zions Cooperative Mercantile Institute), a department store chain which is building a \$48.7 million downtown shopping mall that will house 53 other stores and a high-rise office building. Principal occupant of the office building will be Beneficial Life Insurance Co., another church property.

Still other church properties include the Hotel Utah; Temple Square Hotel; Deseret News, the city's afternoon newspaper; Deseret Press, a commercial printing firm; and Deseret Book Co., Salt Lake City's biggest bookstore. The church also owns Bonneville International Corp., which operates broadcasting

take  
another  
look at  
Utah...

Some people think that "Military Base Employment" is predominantly responsible for Utah's economic health. Things have changed—the Intermountain Area has a well diversified economic base—federal government employment accounts for only 8.4% of employment in 1974, and is expected to decrease to 6.8% by 1980. And as recently as December, 1974, the unemployment rate in Utah was 5.8% compared to 7.1% nationally.

Take another look!

## EMPLOYEES ON NONAGRICULTURAL PAYROLLS IN UTAH

	FORECAST						* EMPLOYEES INCREASE 1975-1980
	1974	% of Total	1975	% of Total	1980	% of Total	
Total	435,100		452,300		557,400		105,100
Manufacturing and Mining	81,300	18.7	85,700	19.0	106,400	19.1	20,700
Construction	20,800	4.8	21,400	4.7	26,700	4.8	5,300
Transportation	26,800	6.2	28,200	6.2	29,800	5.3	1,600
Wholesale & Retail Trade	104,800	24.1	109,800	24.3	128,100	23.0	18,300
Finance	18,600	4.3	19,200	4.3	24,100	4.3	4,900
Services	73,700	16.9	76,600	16.9	107,800	19.3	31,200
Federal Government (incl. Hill Field)	36,700	8.4	35,900	7.9	37,700	6.8	1,800
State & Local Government	72,400	16.6	75,500	16.7	96,800	17.4	21,300

SOURCE: Excerpts from a speech delivered by Curtis P. Harding, Administrator, Utah Department of Employment Security, at the Twenty-Fifth Annual Utah Economic Development Conference, August 14, 1974.

Invest in the utility with a diversified economy and a long-term adequate supply of low-sulfur coal—For further information, write Utah Power & Light Company.

C. L. Hoskins, Vice President & Treasurer  
Utah Power & Light Company, Dept. 245,  
P.O. Box 899, Salt Lake City, Utah 84110

Please send latest Annual Report and other financial data.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

utah  
power  
& light  
co.



**Let others  
tell you about  
Utah.**

## Best Business Climate? Utah.

SACRAMENTO — Utah has the best climate for business in the West, according to a survey just completed for the California Chamber of Commerce.

An article by Maurice Fulton in the May-June issue of *Pacific Business*, a California Chamber of Commerce publication, says Utah has the best business climate among seven western states, and that California has the worst.

Fulton, president of The Fantus Company, a Dun & Bradstreet subsidiary specializing in plant location consultation services, said he rated the western states on 16 criteria.

He rated Arizona and Utah first in tax and legislative climate, fol-

lowed by Idaho, Nevada, Oregon, Washington and California.

The overall business climate ratings compiled by Fulton for western states were:

- |               |               |
|---------------|---------------|
| 1. Utah       | 6. Nevada     |
| 2. Idaho      | 7. California |
| 3. Arizona    |               |
| 4. Oregon     |               |
| 5. Washington |               |

"The job-hungry states of Utah and Arizona have developed laws which are not oppressive to industry. The so-called 'have' states, California, Oregon and Washington, have developed many laws which favor other segments of the population such as labor unions.

**Let us  
tell you about  
Salt Lake City.**



**We welcome business and industry! Want to know more?  
Let us tell you about Salt Lake City's special advantages.**



Send to:

***Salt Lake Area Chamber of Commerce***

19 East Second South · Salt Lake City, Utah 84111 or phone (801) 364-3631  
Att: Mr. Stephen L. Barrett, Director, Economic Development

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Zip \_\_\_\_\_ Phone \_\_\_\_\_



# SALT LAKE CITY

continued

stations in six markets, including Salt Lake City's largest TV station, KSL. Zions Securities Corp., another church business, owns and manages acres of prime downtown property. And the church has a half interest in Utah-Idaho Sugar Co.

Spencer W. Kimball, President of the LDS, is a former businessman who replies to a comment about the high quality of Salt Lake's labor force by saying: "We believe that work is a blessing."

## Outsiders on the inside

There are critics who say the church is omnipresent in Salt Lake City and exercises too much influence. That may have been so at one time, but many non-Mormon executives feel it certainly isn't today.

"I haven't found that true in any way," says Thomas W. diZerega, a vice president of Northwest Pipeline Corp. He is formerly of Virginia. "I've found this to be a friendly, easy place. You can slip right into as much of its life and activities as you want."

Historian Malmquist says membership in the church has played an important role politically only if an issue has been one of religious belief.

"A good example of this is the Roosevelt-Landon race in '36," he says. "The church was for Landon. But Utah gave Roosevelt an overwhelming majority."

For the record, Mormons make up about 72 percent of those in Utah and about 62 percent in Salt Lake City who profess a religious preference. But, for the first time in its history, the LDS is establishing a Utah mission. So many nonmembers are moving into the city and state that the church sees a need to offer the same opportunities to learn about it in Utah that it offers in every state and scores of foreign countries.

## Tourism's new importance

Salt Lake City is undergoing a sort of mini-boom in tourism as a result of a business decision nearly a decade ago that more visitors were needed on a year-round basis.

Tourism was always big, but it was more of a way-station type for vacationing families en route to California and Nevada or to the spectacular



Mayor Conrad Harrison amidst a newly redesigned part of the downtown business district.

camping areas of Utah and for others making brief visits to Mormon shrines.

The first big step was the building of a new Salt Palace, a \$20 million sports and convention center which opened in 1969. Unlike the original one, a rock-salt-covered entertainment center which burned in 1910, its face is of concrete.

This publicly funded complex, home of professional basketball and hockey teams, is being used to near-capacity and was the catalyst for changing the face of the downtown. It and the promotion of skiing in the winter and spring months spurred a hotel-motel boom. Hotel-motel rooms in Salt Lake City have jumped from 4,000 to more than 10,000 in a few years. Most of the new, large hotels are in the downtown area.

"We can handle the big conventions now," says Phyllis Steorts, Resident Manager of the Hotel Utah. "And they're coming. More and more tourists are coming, too, specifically for the attractions in this area, not just to stop overnight on their way somewhere."

Mrs. Steorts is one of a growing number of top businesswomen in Salt Lake City—a growth particularly noteworthy because of the Mormons' traditional emphasis on the woman's role as a homemaker.

"This is a good climate for a businesswoman," she says, "if she's qualified. The same for a man. There's a place for you if you can do the job."

For the moment, there aren't quite enough jobs to go around.

Salt Lake City is one of more than 100 cities listed as high unemployment areas by the U.S. Labor Department in this time of recession. Overall, though, its jobless rate of some 7.5 percent is lower than the national average. On the pay side, employer costs for most nonunion jobs are lower than in the East and Far West.

## Return of the young

In the past, many of Salt Lake City's university graduates have gone elsewhere for jobs. That's changing.

"I think we've turned around from being an exporter of our educated young people," says Dr. David Gardner, President of the University of Utah. "In fact, a good many are coming back."

One reason is the research park the university is developing on land once part of Ft. Douglas, an old army post. It's designed for companies in scientific and technological fields, and a dozen already have located there. Within a few years, Dr. Gardner predicts, 15,000 people will be employed in the park.

Another sign of boom in Salt Lake City is a downtown beautification project inspired by the need to curb automobile pollution. Essentially, it is a narrowing of city streets laid out in conformance with Brigham Young's desire to have them "wide enough to turn a wagon around in." Most major downtown streets are six lanes.

A special tax district was created (after a torrid city argument) and merchants were assessed \$550 a square foot to pay for it.

"But it will take some 8,000 cars off the streets," says Mr. Ball, "and it will give downtown another good boost."

Also to help reduce auto traffic, the transit company—which began receiving a quarter-cent of the real estate tax dollar at the start of this year—cut bus fares from 35 cents to 15. Bus use increased sharply.

## Where it all began

Diagonally northeast of the Salt Palace is where Salt Lake City began—Temple Square, which the Mormons laid out first in starting the city. Still the most popular tourist attraction, it has more than a million



# Resources. Energy. Living. Location.

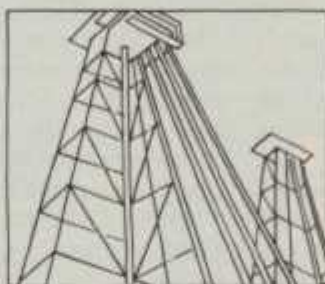
## Help cut business costs in UTAH!

Utah, with Salt Lake City as its hub, has been characterized in many ways:



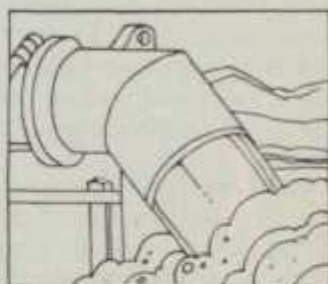
### America's Treasure House

Utah has vast natural resources, including 200 useful minerals, more than any comparable area in the world.



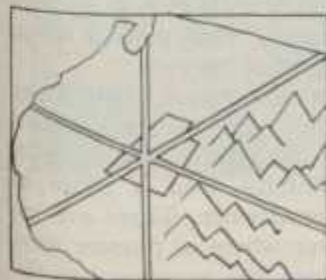
### Energy Capital of America

Vast deposits of coal, oil shale, oil, oil sands, uranium, along with hydroelectric power and promising geothermal explorations, mark Utah as a major contributor to America's critical needs.



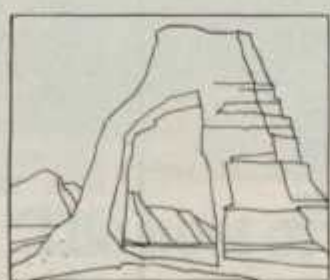
### Chemical Breadbasket

An estimated five billion tons of chemicals in the brines of Great Salt Lake are just starting to be tapped.



### Crossroads of West

A natural gateway through the Rockies has made Utah the hub for ground transportation to and from the great West, the best SINGLE distribution point for the 33-million Western market.



### Center of Scenic America

Five national parks, 14 state parks, three national monuments, three national forests and more than 3,000 miles of beautiful lake shoreline.



### Greatest Snow on Earth

Featuring unsurpassed skiing, an unusually long season, and fairly short lift lines at a dozen excellent ski areas in great four-season playground.

Actually, these are facts more than slogans, and they tell only a part of the story of why Utah is a great place to live and work or locate a business.

If you are seeking a site for a new plant, regional office, or corporate office, write for more information to:

Utah Industrial Promotion Division  
Dept. NB-SS-1  
#2 Arrow Press Square  
Salt Lake City, Utah 84101

Win the West from



# UTAH!

— the heart of the 33 million Western market.



## SALT LAKE CITY *continued*

visitors a year. Non-Mormons view the Temple, which took 40 years to build, only from the outside, but all see the Tabernacle, home of the Mormon Tabernacle Choir, and the house where Brigham Young lived.

Most Salt Lake City streets are named for how far and in which direction they are located from the Temple. Thus, 200 East 18 South is two blocks east of Main Street and 18 blocks south of Temple Square.

There is much remaining in Salt Lake of the charm of a bygone era.

Says Stephanie Churchill, of the Utah Heritage Foundation, as she looks up South Temple Street: "The whole street has been named a state historic site, from the 1907 French Renaissance-style architecture of the Union Pacific railroad station all the way up to Virginia Street 18 blocks away."

Salt Lake City residents, who are basically conservative, have voted against urban renewal, fluoridation, liquor by the drink, a recent proposal to consolidate city and county gov-

ernment, and the union shop. Indeed, one of the selling points of boosters seeking industry is the fact that most business is nonunion.

To many, a more important selling point is Salt Lake City's rich cultural scene. It includes the Utah Symphony, under the direction of Maurice Abravanel and ranked among the nation's top ten. And it has "Ballet West," William Christensen's ensemble which the 13-state Western region has adopted as its own.

The Pioneer Memorial Theater at the University of Utah is another big attraction. Every seat has been donated in a Utah pioneer's name.

And the \$10 million Student Activity Center, paid for by the students, is the scene for such diverse spectacles as a rock concert by the Nitty-Gritty Dirt Band and speeches by conservative William Buckley and liberal Ramsey Clark.

As Gov. Rampton says, energy is going to play a big part in Salt Lake City's future. There is an abundance of it now for industry. E. Allan

Hunter, President and General Manager of Utah Power and Light, figures his company owns, has under contract, or is expecting to lease coal reserves of 650 million tons.

Development of state reserves of oil (410 million barrels), natural gas (1.7 trillion cubic feet), and coal (115 billion tons) is well under way. Development of oil shale (320 billion barrels) lies over the horizon.

### Ready for tomorrow

Salt Lake City and Utah leaders expect they'll be able to cope with tomorrow's challenges.

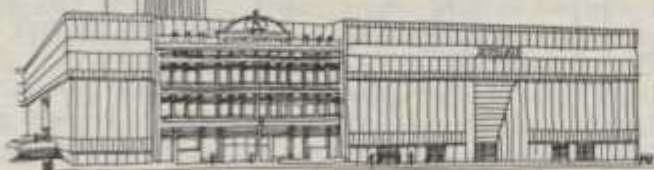
"We've already planned one way," says the governor. "Companies which are going to come in and develop these resources are going to need services—roads, and schools, and such. If they'll prepay and help build these, we'll let them deduct the money later from their taxes."

Comments George Eccles, 75-year-old head of First Security Corp., the \$1.8 billion holding company that is the largest banking firm in Utah and Idaho: "We've always been able to get the money for the things we need to do, and I think we always will."

Perhaps that's because "people here just plain give a damn," says Wallace Wright, developer of Trolley Square—Salt Lake City's equivalent of San Francisco's Ghirardelli Square, with a collection of charming restaurants, theaters, and shops in a setting out of the past.

Whatever the future, Salt Lake City certainly can't forget its past. The spectacular snow-capped Wasatch Mountains lend a sense of timeless permanence. There are reminders everywhere of pioneer days—for example, the monument to the sea gulls that saved the first Mormon grain crop from a destructive plague of crickets. And a trip on the Garfield & Western Railroad out to the Great Salt Lake brings to mind the lake's heyday in more recent decades as a resort area. There no longer is a Saltair amusement resort, but it is a pleasant outing. In season, you can rent a whole rail car and perhaps see a pheasant or two as you toot along—especially if the engineer releases some, as it's claimed he frequently does.

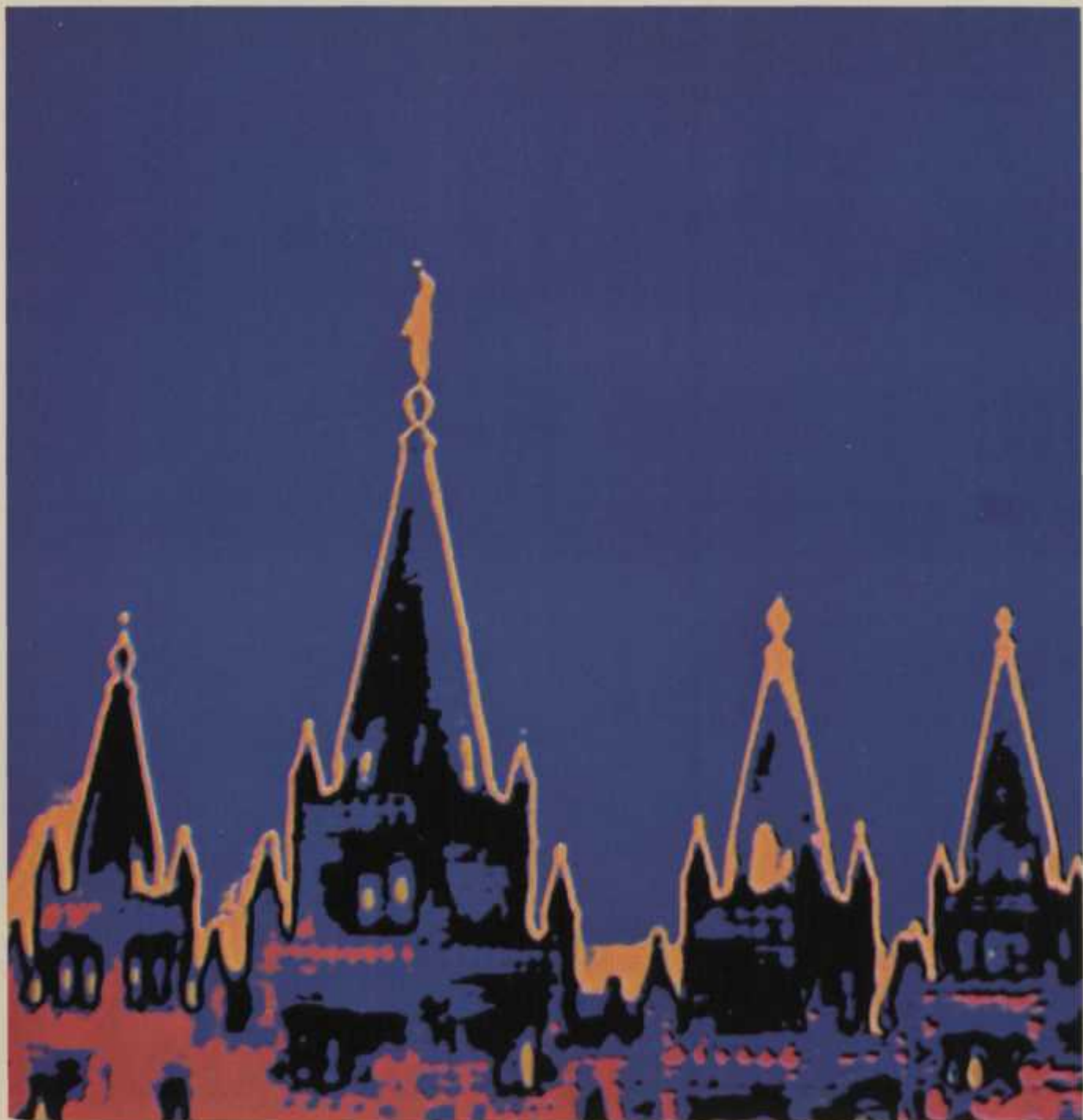
### THE SCENE TO BE SEEN: ZCMI, SALT LAKE CITY'S CENTER OF ATTRACTION



One hundred seven years ago, in 1868, pioneer Mormon leader Brigham Young established ZCMI, America's first department store. The coming year will see the completion of the ZCMI Center, one of the largest downtown enclosed shopping malls in America. The Center's namesake and principal tenant is a completely new 370,000 sq. ft. ZCMI department store, one of five throughout Utah. The pioneering spirit is an important part of the heritage of Salt Lake City. And the ZCMI Center proves it's still very much alive.







## The best of Salt Lake City is on Bonneville's KSL-AM-FM-TV.

For 53 years the KSL call letters have meant total commitment to the community and quality programming.

The KSL stations have earned the trust and respect of the people they serve because they reflect what is best in Mountain America. And because they

speak out frankly when problems call for community action.

When you want to reach the Mountain West, you can be certain your messages on KSL AM and FM will be listened to, and your message on KSL-TV will be watched.

#### The Bonneville Group

City Location	FM Radio	AM Radio	Television
New York, N.Y.	WRFM Stereo		
Los Angeles/Avalon, Calif.	KBIG Stereo	KBRT 10,000 Watts	
Skokie/Chicago, Ill.	WCLR Stereo		
Seattle, Washington	KIRO Stereo	KIRO 50,000 Watts	KIRO
Kansas City, Mo.	KMBR Stereo	KMBZ 5,000 Watts	
Salt Lake City, Utah	KSL Stereo	KSL 50,000 Watts	KSL

and Bonneville Broadcast Consultants, Tenafly, N.J.  
Radio stations represented by AVCO, television stations by PGW



**The stations built on service**





One of Salt Lake City's most successful businesswomen is Phyllis L. Steorts, Resident Manager of the Hotel Utah (she's shown in its Sky Room). Long a Western favorite, the hotel is undertaking a 150-room expansion program.



Playing a major role in the city's business life are (left to right) these Chamber of Commerce officials: President-elect S.C. Johnson, President John E. Lattin, and Executive Vice President Fred S. Ball. Background: the Salt Palace convention center.



Prominent in Salt Lake City's financial growth have been George S. Eccles (above), Chairman of First Security Corp., a big bank holding company, and the two men at left—A.B. Kessler, Chairman of the Walker Bank & Trust Co., and (to his right) M. Walker Wallace, a descendant of four Walker brothers who founded one of the city's first business dynasties.





Education and the arts are two prime reasons why people like life in Salt Lake City. The University of Utah is a fountainhead of both. At left, its President, Dr. David P. Gardner (seated) is with Dr. Cheves Walling, a distinguished professor of chemistry and a member of the National Academy of Sciences. And Gordon D. Paxman, who heads the university's Modern Dance Department and is a former master of the San Francisco ballet, is shown with one of his students, Elizabeth Selz.



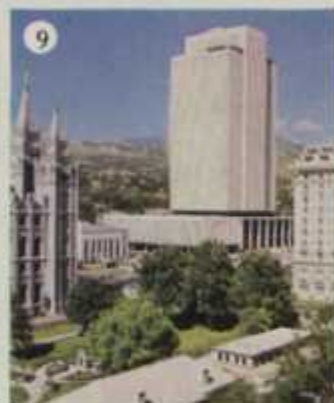
Gov. Calvin L. Rampton (above, right) says Utah's future growth will come mainly from its vast energy resources. A man with his own growth industry is Wallace Wright (below), who developed Trolley Square, a collection of shops and shows in old car barns. END







## How well do you know the West?



## Match the picture with the state.

\_\_\_ ARIZONA    \_\_\_ CALIFORNIA    \_\_\_ COLORADO    \_\_\_ IDAHO    \_\_\_ MONTANA  
\_\_\_ NEW MEXICO    \_\_\_ NEVADA    \_\_\_ WYOMING    \_\_\_ UTAH

Chances are you didn't think all of the above scenes are in Utah—but they are. Because that's us. A little bit of everything the rest of the West has to offer.

Within Utah's boundaries are a myriad of splendors no other one state can match: Awesome red rock, wild rivers, lush alpine forests, painted desert, mountains of such magnificence they seem to scrape their very shoulders on the sky. Utah!

A one state vacation.

In addition, we also boast a nationally recognized ballet company, one of the finest symphony orchestras in the country, and plenty of hotels, motels and restaurants which personify that famous "Western hospitality."

This year don't drive through Utah. Drive to Utah. Plan your own stay or consider one of the 87 package tours we've put together for you.

Fill out the coupon on this page and find out why we feel Utah is the *Best of the West*.

This year experience the romance of the American West with the people who know it best.



Please send me additional information about Utah.

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Send to:  
Utah Travel Council  
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Council Hall  
Salt Lake City,  
Utah 84114

Utah: Five National Parks — Seven National Monuments — 43 State Parks  
Eight National Forests — Two National Recreation Areas



## Making Downtown Come Alive

Are some cities killing their downtowns by focusing on new office buildings to the exclusion of most other development?

Jacquelin T. Robertson, an internationally known architect and city planner, says that can be a prescription for death because it slowly eliminates houses, apartments, and small stores.

Olympic Tower, a 52-story combination office, store, and luxury condominium apartment building being completed on New York City's Fifth Avenue, is held up as one example of how to maintain downtown vitality.

Mr. Robertson, Vice President for Planning, Arlen Realty & Development Corp., a codeveloper of Olympic Tower, says New York does not have major rebuilding problems similar to those of other major cities which are attempting to restore life to dead or dying areas. He explains:

"New York has a downtown city center that is alive with stores, museums, theaters, cinemas, and restaurants. The problem here, as in most European cities, is to preserve this way of life, yet at the same time accommodate the burgeoning needs for office space.

"If people live in the city, the streets are automatically policed, shopping is reinforced, and downtown areas remain interesting for visitors."

The reason most cities go the office-building route to revitalize their downtown areas is because that offers the maximum return on investment. Aware of this, New York City has begun offering incentives to real estate developers so they will incorporate residences in new office buildings, as well as facilities that can be enjoyed by the public at large. Olympic Tower is the first of a new generation of buildings on Fifth Avenue constructed under this concept. The bottom two floors will house shops and the next 19, corporate space. The remaining 31 floors are devoted to apartments.

The concept of multi-use buildings in cities is not new. Mr. Robertson says:

"We have extracted what today amounts to a revolutionary design from what was an architectural necessity when our first urban centers were born—providing people with multi-use buildings in which to live, work, and shop in full security." •



The 52-story Olympic Tower on New York City's Fifth Avenue will look like this when completed next year.

## Teaching Colleges To Manage Better

More and more private colleges and universities must manage themselves better if they are to succeed.

To help 60 small, private colleges learn how to use their limited resources more effectively, the Exxon Education Foundation is awarding them more than \$3.5 million in grants.

Most of the schools are using their grants to develop information systems which they hope will put them on the road to more efficient fiscal management.

Dr. Walter Kenworthy, who resigned as Dean of Wheaton College in Norton, Mass., to run the grant program, says:

"We know that many small colleges are just drifting, with no clear goals. We know that many educational officers manage by reacting intuitively to daily crises with little factual information to guide them."

In the past, most college administrators have simply added more of everything to keep up with growth—more faculty, more buildings, more students, more services, more programs. Now, they have to make tough decisions on where to place priorities.

"Given the difficulties he is in today, an administrator can no longer afford to guess where he may be 12 months from now," says Charles Nelson, a management consultant specializing in educational problems who is working on the program.

"He must ask such questions as: 'What if we increase tuition by \$150?' or 'What if we change the faculty-to-student ratio from one-to-ten to one-to-15?' or 'What if we cut out the physics department?'"

Using computer-based prediction models, financed by the grants, administrators now can get answers to questions like these in seconds—where once they required several weeks of clerical work.

As George Mowbray, an educational systems research consultant, puts it:

"Institutions which can learn to manage large numbers, and use them to examine policy alternatives, are going to be those which survive the challenges of the coming decade." •

*continued on page 70*



AMERICANS TALK ABOUT

# “What’s right with America”

Recently, the Chamber of Commerce of the United States listed eleven “rights” with America, and invited readers of this and other publications to share *their* ideas about our country. The response has been tremendous. Thousands of letters have poured in—from people of all ages, from native-born and naturalized citizens. We would like to share a few of these comments in our belief that speaking out about what’s *right* with our country is one of the best ways to honor it.



"It's high time someone told what's right with America."

*Ben W. Nowill  
W. Springfield, Massachusetts*

"People have their legal right to elect their government—also to reject it without violence and murder."

*Abraham Terch  
Jamaica, New York*

"We are many people of many faces, tongues, and creeds. We are fair and we are dark. We are one as no other people—principally because we have been privileged to be free men under the Constitution of the United States."

*Dianna Broussard and Karen Mulos  
—age 13  
Dallas, Texas*

"Nowhere else on earth is the gift of imagination given such free reign for creative endeavor. In the United States we still 'can do.'"

*Philip C. Warner  
Silver Spring, Maryland*

"America is like a beautiful child. It is still young, growing, searching, learning. When it finally reaches adulthood, how beautiful the world will be!"

*Martha E. Chopp  
St. Clair Shores, Michigan*

"When my parents came here in 1949 America gave them a new home, with new hope and a promise—a promise that America has made good over and over again."

*Robert J. Schwartz  
Carlisle, Pennsylvania*

"No other country can claim as great a contribution in providing security and welfare to the rest of the world in the last 50 years. God bless America."

*Eric Arif  
Ottawa, Ontario, Canada*

"We are allowed to get married to anyone we want—and we don't have to get married."

*Matthew Hotelling—age 9  
Brooklyn, New York*

"America continues to be the beacon of hope to the world. To our shores come the most determined people of all nations. On common ground we are blending our talents for all mankind."

*John Bonar  
Glenrock, Wyoming*

"American women are the greatest source of untapped energy the world has ever known. In the search for solutions to America's problems, she (America) will not waste half the brains around."

*Ms. R. Morene Archer  
Cleburne, Texas*

"... A country whose government is concerned about the have-nots in the world."

*Neil Friday  
Tuscaloosa, Alabama*

"We can freely criticize what is wrong with America, without fear of arrest, imprisonment, or torture."

*Harry S. Scheer  
New York, New York*

"What is right with America: Just look around you. ... And best of all—our country is fun to live in!"

*Arnold H. Schildknecht  
Chicago, Illinois*

"It continues to cherish moral values."

*Bud Gore  
Gainesville, Georgia*

"There must be a hell of a lot of people on the outside who know what's right with America, considering what they do to get inside."

*Robert R. Russell  
New York, New York*

"We are urged to grow, permitted to change, and accepted when we do. We strive for the good life and succeed more than most—and yet we are more critical of ourselves than most populations ever dare to be."

*John H. Bensen  
St. Cloud, Minnesota*

"I like America because what I own doesn't belong to the government."

*Alisa Farrell—age 10  
Atchison, Kansas*

"... But most important, the freedom to express thought."

*Gerard Roggemann  
Woodhaven, New York*

"Americans—one of the rare peoples of the world—blessed with the ability and opportunity to help others."

*A. A. Armstrong  
Fort Worth, Texas*

"We are free to pick the way we want to live. And pick our own religions. We choose our own leaders to make laws for our country."

*Lisa Cheney—age 9  
Carleton, Michigan*

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1894



1947



1975

## Dressing Up a Grand Old Trademark

Queen Victoria was a prude, but her favorite artist, Paul Thumann, wasn't, and that may be the principal reason why his scantily clad White Rock girl became so famous.

Now, however, when almost everybody else is taking it off, the White Rock girl is covering up.

Not that the White Rock Corp., whose bottles of soft drinks feature the pretty lady kneeling on the rock, is prudish. But, in the process of updating the old girl, who made her first appearance on a label in 1894, the Brooklyn, N.Y., firm felt the go-go approach didn't come across just right. A little more thigh and a little less bosom seemed appropriate.

Psyche, as she is called, is certainly one of the most famous trademarks in history. The original painting of

Greek mythology's personification of the soul was exhibited at the Chicago World's Fair in 1893. The owners of White Rock, who then bottled mineral water in Wisconsin, bought the rights to "Psyche at Nature's Mirror" from German artist Thumann.

Because the ideal girl of each new generation is a little taller and a little less weighty, White Rock has changed her dimensions. The company commissioned artists to redo Psyche in 1924 and again in 1947. The time for a change has come again, in this case with a photo.

A model used for the 1947 White Rock label was five feet six inches tall and weighed 125 pounds. Her artist estimates she was at least two inches taller and 15 pounds lighter than the model used for the original Psyche. Now, the 1975 model is five feet eight and weighs only 118.

"We decided to modernize Psyche again so the new generation can

identify with her," says Alfred Y. Morgan, Jr., White Rock Vice President of Sales. "Since we'll be using a photograph instead of a drawing in our promotions, we felt it might be more dignified to dress her up a bit."

It is very possible, however, that Psyche will be changed again, thanks to the Food and Drug Administration and the Universal Product Code. FDA requirements that all ingredients be printed on labels, and the price code, which is placed on labels to automate checking out, take space. That means less space for Psyche.

White Rock, on the theory that a drawing will reproduce better than a photo in the smaller spot, is thinking of going back to a drawing.

"We are working on a composite drawing of the 1947 and 1975 White Rock girls," Mr. Morgan says. "She would be modern but she'd have much of the original Psyche about her as well." •

## The Voice of America Speaks Up for Exports

America is being heralded as a place to do business by the world-wide facilities of the United States Information Agency.

This is a departure from the usual USIA role of explaining our foreign and domestic policies, with heavy emphasis on our history, tradition, and culture.

The new thrust is to portray the U.S. as the industrial and technological leader of the world. It is hoped that the campaign will improve a rather precarious balance of trade situation.

For the past 18 months, USIA has been working closely with the Commerce Department.

In the beginning, USIA publicized mainly tourism programs. Then the agency's radio affiliate, the Voice of America, started calling attention to new products developed in the U.S. More recently, USIA has been assembling industrial films for showing to potential foreign buyers both here and abroad.

Shortly after the Voice of America began broadcasting its "New Products USA" program, it received more than 300 letters seeking additional information. New products are simultaneously plugged in newspapers, magazines, and other news outlets serviced by USIA abroad.

USIA, in conjunction with the Commerce Department, recently produced a film, "Marketplace USA . . . a Commercial Service," which is being shown abroad to promote business

visits to the U.S. There are English, French, Spanish, and Arabic versions of the film.

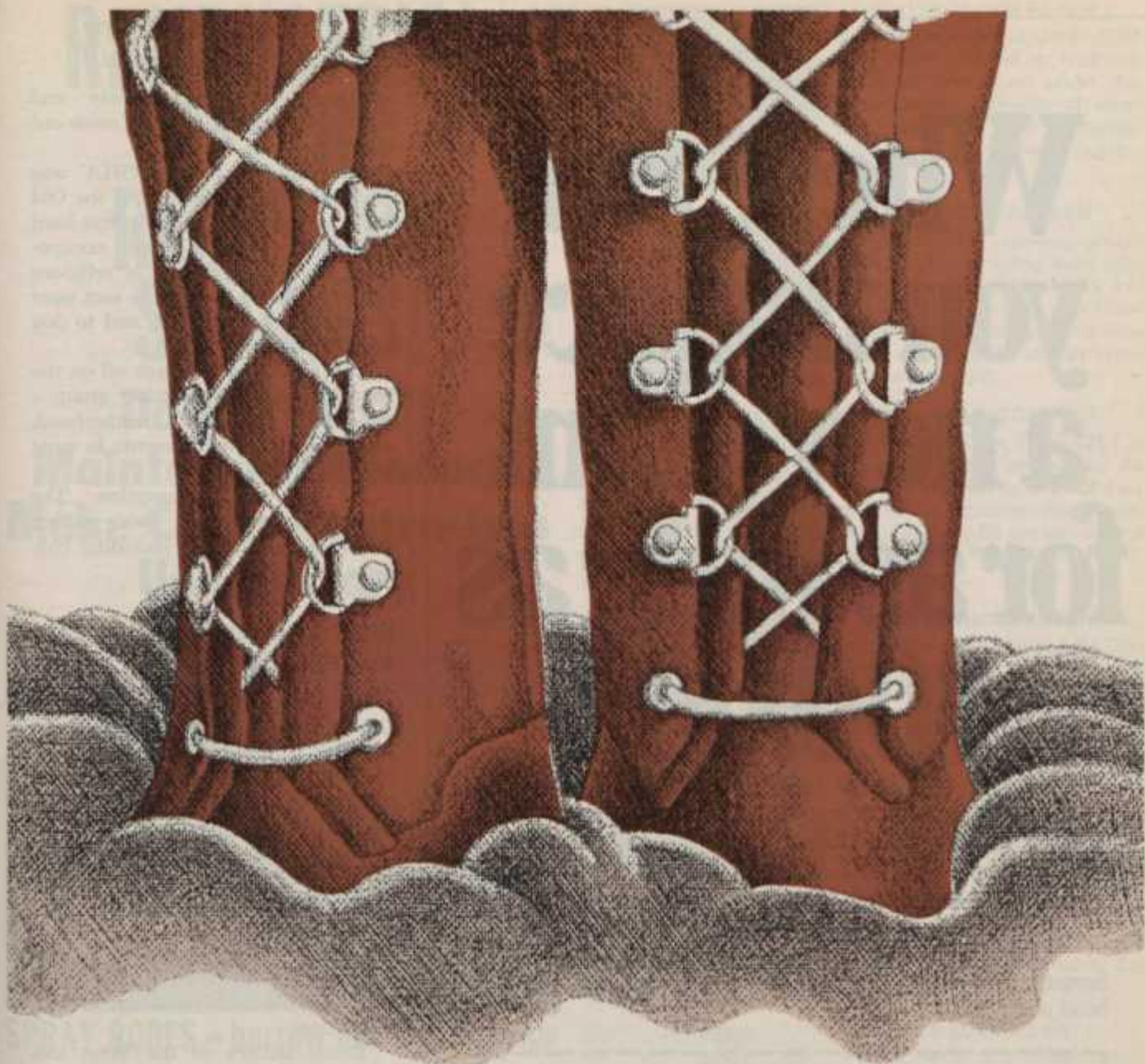
Industrial films being assembled by USIA cover 15 industrial categories which represent 85 percent of U.S. commodity exports.

Companies interested in contributing promotional films may contact the USIA Motion Picture and Film Department by writing to 1776 Pennsylvania Avenue N.W., Washington, D.C. 20547, or calling (202) 376-7786.

James Keogh, Director of USIA, says:

"I see this part of USIA's mission as having two important facets. One is very practical: improvement in the balance of payments. The other is philosophical: Trade leads to communication between people—not just governments, but people." •





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## World of Industry

*continued from page 14D*

of the Occupational Safety and Health Administration, and come out the victor.

Several years ago, OSHA was forced to excuse members of the Old Order Amish from the rule that hard hats must be worn in certain occupations. Reason—violation of religious principles. Members of the sect wear a wide-brimmed felt hat, and to don a hard hat is forbidden.

Now OSHA has to back off on the hard hat rule with another group—the Sikh Dharma Brotherhood, which requires its adherents to wear turbans.

It's no small exemption. The Brotherhood claims two million members in the U.S., including converts. •

### Western Foundries Are Forging Ahead

Just seven years ago, the West Coast had an almost-insignificant share of U.S. foundries' output. But by 1985, it's estimated, 30 per cent of our foundry tonnage will come from the West.

According to the American Foundrymen's Society, West Coast foundries are "healthier" today than most in the Midwest and East because they got the jump on their competitors—some by as much as 10 years—in complying with pollution control legislation.

"Profit dollars in the West can now go for expansion, not code compliance," the group predicts.

Nationally, there are 20 per cent fewer foundries now than in 1958, but the decline in the West has been only 11 per cent.

In 1968, Western foundries were producing 3.5 per cent of the national tonnage. Last year, their share was about 10 per cent. •

### A Quicker Way to Keep Tabs on What's Shipped

A machine-readable symbology for shipping containers, which is due to be selected Sept. 1, should be a significant step toward greater efficiency in distribution and in inventory control.

There is no standard code, such as there is for consumer items sold at



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## The World of Industry *continued*

the supermarket, that permits machine-reading of product identifications on the corrugated containers that shippers use.

So the Distribution Research and Education Foundation, an arm of the National Association of Wholesaler-Distributors, established a group to study the subject.

A major factor is the type of symbols suitable for optical scanners. Printing on corrugated container surfaces, as a foundation official points out, presents a different set of problems than printing on labels. •

### U.S. Agency Plans Solar Power Plant

In the next four or five years, the Energy Research and Development Administration hopes to have a ten-megawatt solar power plant in operation somewhere in the Southwest.

The new energy agency has asked for proposals from industry for a conceptual design that would have four basic subsystems: a field of solar

radiation collectors, an absorber and boiler heat exchanger, a thermal storage unit, and a heat-to-electricity conversion cycle system.

To collect the solar radiation, the agency leans toward a system consisting of an array of controlled heliostats—mirrors—that would focus the radiation on an absorber boiler. The boiler probably would be located on top of a tower. Heat would have to be stored for 24-hour operation.

The agency recently awarded contracts to General Electric to study the storage of solar energy in the form of heat and to look into underground storage of compressed air, which could be used later to generate power. Simultaneously, it gave a contract to Rockwell International to look into the possibility of storage of solar energy with flywheels. •

### Nuclear Power Centers' Practicality Is Pondered

In an effort to expedite nuclear power planning, the Nuclear Regula-

tory Commission has a study under way to determine if large, regional nuclear energy centers are feasible, and, if so, where the best sites would be.

The Commission says five broad issues will be considered in deciding if nuclear energy centers are practical: effect on society, such as the impact of concentrating large blocks of political and economic power in a relatively small area; jurisdictional problems; economic constraints; safety of lives and property; and national security.

It's expected that such centers, if they are built, will most likely be sited on federally owned property or other property designated for public use, but not national parks, forest wilderness areas and historic monument areas.

In 1973, the Commission's predecessor, the Atomic Energy Commission, conducted a preliminary study of the nuclear energy center concept. The new study will build on the earlier one. •

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# How to Build Management Strength During Hard Times

Here are five steps to take now to help make your company more profitable when good times come again

BY ROBERT F. WESTCOTT

**C**OMPANIES are affected in varying degrees by the recession. Some are hurt badly, some not at all. But in every firm's case, the basic business climate was never better for dramatic improvement in the management team.

In 1933, my father made a bold decision to reequip his business. At a time when most employment was at a standstill, he was able to negotiate the work at a very favorable cost. His business picked up and he found himself ahead of his competition with modern, efficient facilities and high employee morale.

Today, in a recession economy, executive risktakers will profit, as my father did, from making the bold decision to improve managerial talent in every position.

The time for smart action is now. The chief executive with courage will strengthen and improve the corporate management team, not only to better solve today's tough problems but to leap ahead of competition in the future.

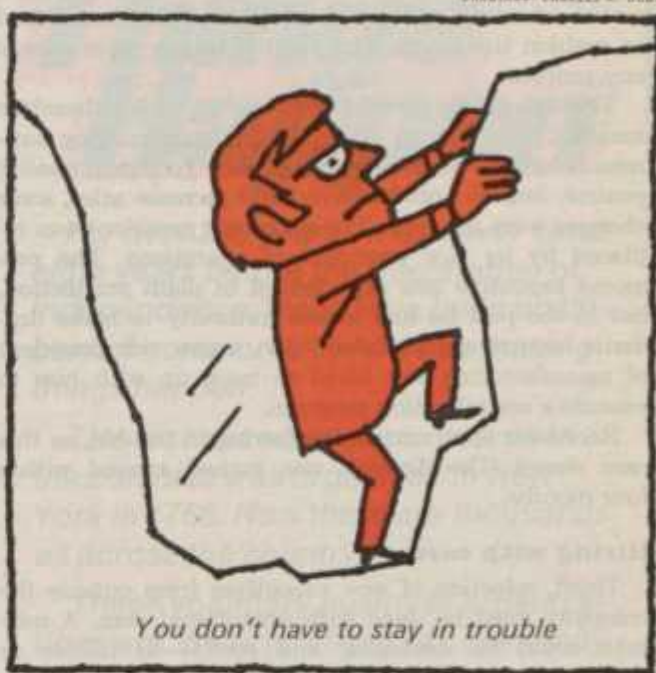
For many others, recession means the time to cut back—frequently, in key executive positions as well as elsewhere on the payroll. For the standpatter—or deep retrencher—the road back may be a hard one.

For the executive risktaker, however, the track is clear.

What steps should the progressive corporation take in restructuring its management team?

## Evaluate each manager

First, examine your long-range business plan with particular emphasis on the organization required to manage tomorrow's business. This could reveal some shortfalls. Executives who may be able to handle their administrative, marketing, financial, manufacturing, or



engineering positions today may not be adequate tomorrow if the company expands sales or enters new lines or markets.

You must objectively evaluate each manager against the demands of the future and lay plans for each individual's new responsibilities. Should he be trained, bypassed, or replaced?

A Midwest industrial manufacturer of medium- to high-technology products had the lessons of long-range business planning forcibly brought home recently. In the last economic downturn, this company's top management had wondered aloud: "Should we replace the research director or ride out the recession at this sales level?"

The company decided it had to replace him just to maintain its industry position. An excellent choice of a new man was made, and he directed a very active, productive research program.

Now, evaluating its results in the current recession, the company has discovered that sales have gradually risen. In addition, more than half of current sales are in new products developed under the research director.

If the company had not replaced the man formerly in that slot, several hundred other employees would be pounding the streets today, looking for jobs.

## Getting the team to grow

Second, in many instances a well-conceived training and development program can help the management team grow to meet the demands of tomorrow. Eighty to 90 percent of key management appointments should come from within your organization.

One training requirement is to anticipate succession in each key position. Vacancies will occur not only due



## How to Build Management Strength During Hard Times *continued*

to promotion but also through resignation, death, or early retirement. The unexpected will happen, and a realistic backup policy should be carefully formulated to cushion the shock. The right man can solve almost any problem.

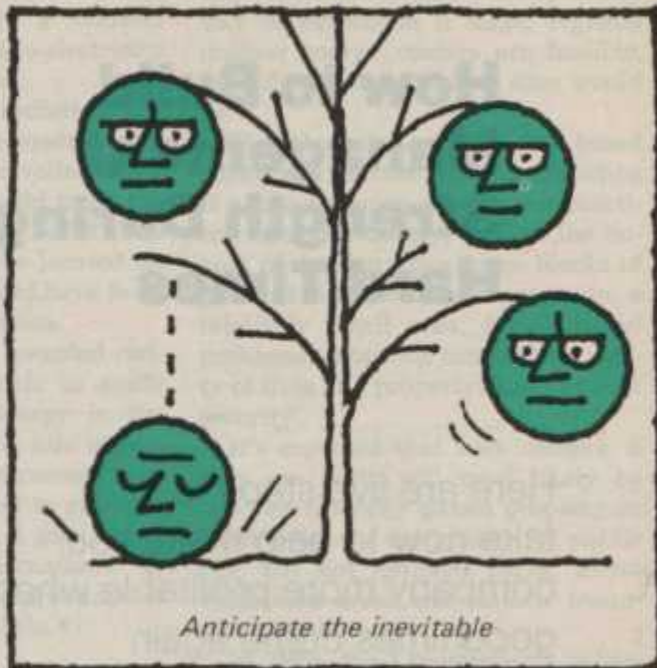
The heavy equipment division of a Northeastern manufacturer already was suffering from receding business before the current recession hit. To regain quality control, improve productivity, and increase sales, some changes were in order. The division's president was replaced by its vice president of operations. The promoted executive was experienced in plant production, but in the past he had lacked authority to make dramatic improvements. In addition, a new vice president of manufacturing was hired to team up with him to execute a revitalization program.

Recession is no excuse for staying in trouble, as this case shows. The division was turned around within four months.

### Hiring with care

Third, selection of new executives from outside the company must be done with exceptional care. A mistake could be damaging and costly—in failure or missed opportunities.

One company made an expensive mistake by hiring a manager from the outside. The firm promoted its



city. Finally, the man promoted to vice president really wanted nothing more than to return to his old regional sales job in the East.

Net result: The company lost one good manager and had to invest more than a year in rebuilding the Midwestern territory. Salaries and other direct costs totaled approximately \$200,000. Indirect losses from a floundering and delayed sales program were immeasurable.

Truly competent people are always difficult to find and attract, and a recession is neither an advantage nor disadvantage in adding managerial excellence from the outside. Most skilled executives are successfully operating in their present companies. They are usually not job-seekers and must be realistically shown the opportunities that a new situation offers them.

### Aiming at new areas

Fourth, there should be careful evaluation of new areas where a company foresees opportunity for expansion. This usually means a threefold development program:

- Selection and transfer of internal talent to new areas.
- Addition of necessary outside managerial talent to the company.
- Recruitment of college graduates with new technology or skills to manage future products or services.

The usual practice is to add more college talent of the kind currently in the company. Obviously, replacement and backup skills are needed for those already in the organization, but do not neglect the need for others with new abilities.

One of the easiest mistakes to make in a slump is to conclude that if some business is bad, all is. To put it another way, some executives put on recession blinders



Eastern regional sales manager to vice president of sales, moved the Midwestern regional sales manager to New York and into the vacant slot, and hired a new Midwest sales manager.

It was a succession of disasters. The new manager in the Midwest was not successful. The old Midwestern manager who was moved to New York quit in less than 18 months. He and his family detested the



and fail to take advantage of specific growth markets.

A major firm, suffering severely from the current economic crunch, adopted a moratorium on all new hires. However, its international business was—and still is—growing. Top management was persuaded to make an exception in hiring an international marketing manager.

Under the new man, the increase in the company's foreign business went from about four percent monthly to more than seven percent.

The moral, of course, is: Do not curtail good business opportunities at any time.

### **Managerial compatibility**

Finally, the most difficult job in creating tomorrow's management team is not only finding the right men but fitting their abilities into a winning, risk-taking team.

The chemistry of compatibility must be objectively measured by every available means.

The five steps listed above are not easy ones, primarily because of management inertia. In today's climate, this inertia takes many subtle forms. Most common are:

- **Fire fighting.** Top management is too busy fighting corporate fires to spend time in evaluating today's managerial talent against tomorrow's needs.
- **Cost cutting.** Companies are cutting costs instead of cutting waste. There is a big difference, and wholesale elimination of programs or functions could severely cripple a company for tomorrow's business race.
- **Fear of forecasting.** Executive paralysis can result from failing to take the time to really look into the crystal ball for fear that things might look like they'll get even worse before they get better. The future must be objectively examined to cope with downturns as well as upturns.

Farsighted executives who overcome inertia will have better managers in place to solve today's problems more quickly—as well as positioning the company to take advantage of tomorrow's opportunities.

Companies that obtain the best from their management have one common denominator: They continually reevaluate the management team against performance goals for this year and the future. These are the companies that continue today to upgrade their management staffs.

Economic pressures create economic opportunities.

END

THE AUTHOR is President of Westcott Associates, Inc., Chicago-based executive recruiters.

REPRINTS of "How to Build Management Strength During Hard Times" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

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## GUEST ECONOMIST

# Why Leasing Is Becoming So Popular

Small firms' problems in the recession are one reason companies that lease equipment are enjoying boom times

BY DONALD B. ROMANS

**T**he small corporation may well become a casualty in the latest economic war.

While the artillery fire of rising material costs bursts on its left and dwindling customer demand bombards its right, traditional money sources retrench at the rear, withholding funds that could relieve the company's embattled position.

The major cause of the small company's harrowing predicament is the recent collapse of classic economic theory and the emergence of a new type of economy which has strapped many a company to twin economic pillars of inflation and recession.

The resulting credit crunch, which may have eased temporarily for some major borrowers, has hit the smaller corporations particularly hard and in some cases has virtually prohibited expansion.

### A bright light

Despite the apparent hopeless situation, there is one bright light. While shopping for hard-to-find capital, many companies both large and small have discovered a new option: long-term equipment leasing.

Under a lease, a company pays only for the use of the equipment;

there is no intent—stated or implied—for the user to obtain equity in or purchase the equipment.

There is one basic requirement: The lessor retains the asset ownership and the claim to any residual equipment value at the end of the lease.

Leasing has gained immense popularity over the past few years. According to the American Association of Equipment Lessors, the value of goods under lease jumped from \$20 billion six years ago to \$40 billion in 1974.

### Stronger lines of credit

The association predicts a 15 per cent increase in 1975 and some experts ultimately project a \$105 billion industry.

Basically, boom times have come to leasing companies because they have stronger lines of credit than most of their customers. Money sources view leasing companies as better credit risks because their investments are spread over a wide variety of industries. Furthermore, leasing companies can afford to use a mixture of short- and long-term debt.

Attractive also is the closing of the



gap between leasing costs and the cost of borrowing money. These relative costs become clearer after considering the earning power of funds some lenders require to be held on deposit.

#### A tax benefit

In some leases, no down payment or deposit is required, while in others, a down payment equal to the first year's leasing cost is needed to acquire equipment. These minimum stipulations free a company's capital for day-to-day cash flow.

Another advantage to leasing is that it can often help a small company use the investment tax credit, although the firm's profits and tax liabilities may both be down. The tax credit can be assigned to the leasing company, since it is legally the owner of the equipment, and the small firm's leasing rate can be lowered in return.

Such an arrangement allows many companies to benefit from tax credits that would not be available under other finance plans.

Unlike conventional finance tools, the leasing term is restricted only by the equipment's useful life. Thus leasing companies can, in some instances, write leases up to 20 years,

compared with three to five years for standard commercial loans.

Payment methods are also flexible. While the standard lease plan employs level payments from the start, flexibility can be provided through deferred payments.

Deferred payment leases are designed for new enterprises which need equipment immediately but which cannot immediately budget substantial funds for lease payments.

A major feature of a deferred payment lease is its ability to generate income before the first lease payment is due.

The kind of equipment under lease varies from company to company. However, some of the common types include: Agricultural equipment, printing presses, medical equipment from X-ray machines to hospital beds, corporate aircraft, drilling rigs, helicopters, work boats, rail cars, and barges.

#### How to get helicopters

Here's one example of how leasing can be an asset to small companies:

An Alaskan air service wanted to expand its helicopter fleet to service pipeline construction and offshore oil rigs in Cooks Inlet. It had assets of \$800,000 but required four new helicopters worth \$1.5 million to handle the extra business.

The company needed 100 per cent financing but banks were unable to provide it. Based on the firm's sound management and the expanded potential the new helicopters would afford, a lessor of equipment bought the helicopters and arranged 100 per cent financing on a long-term lease.

Because the financing required no cash outlay, the Alaskan company preserved its working capital and could use short-term bank financing to meet its payroll and other operating expenses.

Inevitably, recession will result in some business casualties. But the well-managed small company can hedge against its vulnerability through judicious use of long-term equipment leasing.

Leasing cannot be the bugle-blowing cavalry coming to the rescue, but it is a viable weapon that companies can use to fight off the uncertainties of the current economy.

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**A VIEW OF  
THE CLIMATE  
ABROAD**

**JAPAN**

## Mastering Inflation and the Energy Crisis

How Japan survived twin economic calamities and maintained its international competitiveness

**A** year ago, most American businessmen viewed Japan as on the brink of economic disaster. Consider the factors:

- Rampant price inflation followed by wage increases averaging more than 30 percent in annual terms.
- A world-wide energy crisis—import-dependent Japan might not be able to secure enough imported oil to meet its basic energy requirements, and even if the oil could be purchased, higher prices promised a whopping balance of payments deficit which would deplete Japanese foreign currency reserves.
- Lastly, because of these higher costs, Japan would lose its competitiveness in international markets. The result would be economic stagnation at home followed by collapse of many export-dependent firms.

Needless to say, Japan has survived these forecasts, and in doing so has turned in a remarkable performance for its 1974 fiscal year, which ended March 31, 1975. For example:

- Consumer prices declined from a year-to-year increase of over 30 percent to approximately 14 percent.

The consumer price index is now growing at a five percent annual rate, a rate which many other countries would envy. The conclusion? Inflation has been tamed, through strong demand restraint programs which had an extremely tight money policy as their backbone.

- The energy crisis never existed for Japan the way it seemed to in other countries. The Japanese, while clearly most vulnerable to shortage and rationing, suffered no two-hour waiting lines for gasoline at neighborhood service stations. And amazingly, though Japan had to absorb huge increases in its bill for oil imports, it had a \$1.6 billion surplus in its balance of trade last year. Official reserves today stand at \$13.9 billion, compared with \$14.1 billion at the start of the crisis.

Conclusion: Japan, resource-short and dependent on others for fuel as well as other raw materials, has an ability, unique in the developed world, to adapt to solve the problem at hand. In this case, it conserved energy, made the securing of long-term sources of petroleum supply an objective of each multinational firm—

and survived a crisis which would have crippled other countries.

Japan's exports grew by 51 percent in 1974. This remarkable increase came at the expense of domestic production, which was down dramatically due to the government's efforts to beat inflation.

### Competitive advantages

Competitiveness is a question of relative advantage and Japan has:

- A.** Cheaper labor, still, in spite of recent wage increases.
- B.** Technological capability which leads to lower costs and higher quality.
- C.** Tremendous capital investment. In the years 1965-73, close to 20 percent of Japan's gross national product was invested in new plants. This provides the country with modern plants in a number of crucial industries (steel, autos, chemicals, shipbuilding, etc.) whose cost base could not be matched in any other industrial nation today.
- D.** Coordinated national policy which assures incentives to export-related companies.
- E.** Good productivity. In 1975, pro-



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## A View of the Climate Abroad: Japan *continued*

ductivity should increase ten percent in Japan versus two to three percent in the U.S.

### In the midst of recession

Notwithstanding all its success in surviving 1974, Japan is in the midst of a bad recession. Industrial production is off some 18 percent from one year ago, and there has been a negative growth in real GNP of three percent. Bankruptcies have been at or near postwar highs, and presently are running at the rate of 1,100 a month, up from 800 a month one year ago.

The questions which businessmen must try to answer today are:

- How long will it be until recovery begins?
- How fast and how far will the recovery go?
- Who has been really hurt by the recession?

We seem to be witnessing a mistake on the part of the Japanese government—namely, its continuing restraint on aggregate demand. This restraint has mainly taken the form of tight money policy.

The government says that inflation is still the No. 1 problem, and that easing money will stimulate demand and lead to increasing cost-push and demand-pull inflation.

Unemployment—officially the rate is about 1.5 percent—also is not a problem, the government says. Furthermore, it says, the recession is not a serious one.

However, businessmen say recession is the No. 1 problem. Inflation is declining rapidly, they point out.

Unemployment, they add, *is* a problem. They say the real rate is about 3.5 to 4 percent, when employees working reduced schedules, or laid off and still receiving 60 to 90 percent of their base salary, are considered.

Businessmen argue that the recession *is* serious, and that three more months of demand restraint will kill what momentum may remain in the economy.

Industry is operating at only 60 percent of capacity, they note, and inventories are near record highs.

The outcome of the labor unions' recent spring wage offensive is viewed as a help to recovery, partic-

ularly in terms of returning stability to Japan's domestic economy. Increases averaged 14 to 17 percent, depending on the industry—as against increases double that amount last year. In a sense, it was the final round in the fight against inflation. Even though the recession probably bottomed out in January, concern about what would happen in the wage offensive was a principal cause of the government's continuing restraint programs.

Many unions have lost the leverage of strike threats. Many companies say they would welcome a walkout because they are losing on present production. Layoffs mean paying 60 to 90 percent of employees' salaries while workers stay at home. During a strike, the company pays nothing.

Some easing in the government's restraint policy is appearing—most notably in an almost-complete liberalization on inward dollar loans to major companies in basic industries.

But this is not enough, businessmen believe.

In past recessions, recovery came from rises in consumer demand, industrial investment, and exports. Now the first two are down and exports aren't rising at the '74 rate.

### A different type of dip

This recession has been particularly characterized by a decline of personal consumption. There was a sharp decrease in consumer spending, in real terms, in the first quarter of last year. Subsequently, large wage increases temporarily stimulated consumer spending, but real personal consumption has remained stagnant.

In past recessions, recovery came rather quickly, once money was eased. Since this recession is mainly due to the decline in consumer spending, easy money will not have a strong stimulative effect, businessmen say. Even with money fully eased, they say, demand will take six to nine months to recover. Therefore, they estimate that recovery won't come until the fourth quarter of this year, at the earliest, and that complete recovery may not come until well into 1976.

A brief forecast for 1975:

- The balance of payments ought

to be in surplus, not because of exports but rather due to a slackening of imports resulting from slack domestic demand. However, exports will continue to rise, given a good world economy.

- GNP will increase one to three percent in fiscal 1975. Calendar 1975 may well show only an increase of one percent, with a stronger recovery in the first quarter of 1976 carrying the fiscal year's real change to the three percent range.

- Yen rates should remain strong for the balance of 1975. This estimate is based on the slack import picture, the strong Japanese trade surplus, and a very pessimistic view of the strength of the dollar.

### Who is hurt most?

Who has been hurt most in the current Japanese recession? Textile companies, the automotive industry, national oil refiners, shipbuilders, construction companies, and consumer appliance manufacturers.

The construction industry will be among the first to recover as the government increases spending to stimulate the economy.

Long-term, several fundamental problems must be solved if Japan is to continue its historic growth patterns. Prime among these is a built-in cost-push spiral caused by antipollution equipment requirements.

Since Japan is so crowded that companies can't avoid locating factories near residential areas, nearly 20 percent of current plant investment in manufacturing is for antipollution devices.

This is somewhat balanced by the fact that exports account for only 10 to 12 percent of GNP. Japan is not as dependent upon exports as most people think.

As long as this cost-push cycle is no worse than that of other exporting nations, Japan will survive and thrive.

Presently, the government is following a low-growth, low-inflation policy, but business looks back on the high-growth days with great nostalgia, and 1976 could see a return to the high-growth philosophy.

*Prepared in cooperation with the American Chamber of Commerce in Japan.*



# Where Executives Are Building A Better Image For Business

How the Institute of Life Insurance—and some top business executives—are helping society's future decision-makers better understand America's economic system

**I**N FRONT of the class, in ivy-clad, turreted Taylor Hall, Floyd H. Bragg fits right in.

He's a trim, distinguished-looking man of 60. His hair is gray and close-cropped. He wears slacks and a sporty jacket, red-and-white hound's-tooth check.

He's articulate, poised and, even fielding tough questions, unruffled.

This is Bryn Mawr, an upper-crust, bluestocking, college on Philadelphia's Main Line for smart, hard-working, liberated young women.

Is he a senior professor of history or philosophy?

No, he's a senior executive in one of America's top insurance firms. In his present role, he's not a real professor, but something between a missionary and a guinea pig.

Pretty soon, the questions start to

*Being a business-executive-in-residence at a college can mean attractive surroundings, as Prudential Insurance Co. executive Floyd H. Bragg discovers at Bryn Mawr.*

PHOTO: LUDWIG LAAR FROM BLACK STAR





## Where Executives Are Building a Better Image for Business *continued*

pop. Is it true, a student wants to know, that women pay a higher rate for health insurance than men? And if so, she adds a little tartly, why?

"Yes," he says, "women do pay a higher premium for health insurance. The reason is that they have extra risks, like pregnancy, and incur other disabilities which lead to higher claims for hospitalization than from men."

On the other hand, he adds, they

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"We were getting the word that students, and faculty, feel they don't get through to the business world."

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pay lower premiums than men for life insurance.

"On the average, the rate for a woman is equivalent to that charged a man who is three years younger. That means a woman's rate is less than it is for a man the same age."

"The reason is that a woman lives longer. She pays premiums longer."

The clock says 2 p.m. The class ends, and the students drift out of the room. A few stop to chat with Mr. Bragg.

Some thank him for a fresh insight into business decisions that were once a deep, dark mystery—if not worse—to them.

### Executive-in-residence

Mr. Bragg, a senior vice president, The Prudential Insurance Co. of America, is spending three weeks at Bryn Mawr. He's there as a business-executive-in-residence, in a program launched three years ago by the Institute of Life Insurance.

Why yank a valuable executive away from his job and ship him off to a college campus?

"It was an effort to bridge the gap between business and the academic world," says Dr. K. Edwin Graham, the Institute's director of education services.

"The Institute felt there was a need for it for several reasons.

"For one thing, we were getting the word that students, and faculty, feel they don't get through to the business world—especially to the decision-makers. Their contact, such as

it is, stops at middle management.

"Secondly, top executives made it known that they would like to be in closer touch with the academic community. After all, the students there, eventually, will be society's decision-makers.

"So in 1973, we started the business-executive-in-residence program. There were a few ground rules, that still hold good:

"One, all of the executives who take part in the program should live on campus. This gives them informal contact—in student cafeterias, for example, or faculty dining rooms—as well as in the classroom.

"Two, they should stay at the college more than a week.

"Three, they should be senior-level executive officers."

### Successful career

Mr. Bragg fills the bill.

He's a Rutgers graduate, and former editor of the school's undergraduate newspaper, *Targum*. The school says it's an ancient Hebrew word meaning "interpretation." He was also a part-time correspondent for the *New York Herald-Tribune*, the *Newark Star-Ledger* and the *New Brunswick Home News*.

Even at space rates—10 cents an inch—he was making more moonlighting than Prudential paid him when he came aboard after receiving his bachelor's degree in business administration from Rutgers.

"In fact," he says, "the company didn't want to hire me. The personnel office told me I had printer's ink in my veins—I'd never be happy except in the newspaper business."

But persistence wore Prudential down. They finally offered the young Rutgers graduate \$75 a month. He took it.

Why?

"I kind of felt that a newspaper career, long-range, didn't look like what I would be interested in.

"Also, I'm sure, I was security-conscious. This was in 1936. 'The Rock' was security in those days.

"And Prudential was a growing company that was becoming more and more progressive.

"Finally, it was close to home. I grew up in Verona, N.J. It's within commuting distance of Newark. And

people weren't as mobile then as they are now."

He rose rapidly in Prudential—despite four years' leave for military service in World War II. By 1967, the ex-Air Force major was head of Prudential's Canadian operation.

In 1972, he was promoted to senior vice president and head of the company's North Central District. It includes nine states with a population of 24 million and \$16.5 billion worth of insurance in force.

"If it were an independent insurance company," he notes, "it would be the sixteenth largest in the United States."

### A long, long day

In Wyndam Hall, a sunny, mellow old building that houses Bryn Mawr's faculty dining room and alumnae offices, he talks about his stay on campus. His daily schedule starts at 8:30 a.m. and may run till 9 p.m.—with breaks for lunch and dinner.

In some classes, he lectures. In seminars, he takes part in the give-and-take between faculty and students. Certain classes, such as a lecture in Etruscan art, he simply attends for "mind-stretching."

Unlike most of the Institute's executives-in-residence, his wife is

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"Most of the questions have been of a probing nature, but they haven't seemed to be completely unfriendly."

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spending the three weeks at Bryn Mawr with him.

"I was encouraged to bring her," he says, "by the Institute, by the college—and by my wife."

What kind of questions do the students fire at him?

"Some are hostile, I think.

"But most seem to spring from a lack of knowledge of the business world. Most of the questions have been of a probing nature, but they haven't seemed to be completely unfriendly, you know, or antagonistic toward me or the business world.

"For example, I lectured at a class on money and banking. There the students drew up a list of questions



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that they would like me to answer. Here are some of them:

"How do you weigh return versus risk?"

"Can or should insurance companies buy and sell common stock in the stock market?"

"Should the government take on additional risk-reducing functions beyond those now covered—like Fannie Mae or special Congressional help to Lockheed?"

"What are the debt/equity ratios for insurance companies?"

This, he points out, was an undergraduate class.

Graduate students tend to pose questions in greater depth—and sometimes more critical in tone.

## Foes of business?

Does he agree with the widely held impression that college kids tend to be antibusiness?

"I don't really get that impression," says the soft-spoken insurance executive.

"Of course, when you're studying theory, which you are with many of the textbooks, the professors are going to challenge your thinking by presenting you to all types of economies."

"They're also going to point out the bad things, as well as the good, about any economy."

"That's the purpose of education. To expose people to all kinds of thinking and make them stretch their minds."

However, he adds, "I think this program of having executives-in-residence helps present another side of the story which the students might not otherwise get quite as well in the classroom."

Is the lack of hostility the result of tact or the absence of real antagonism?

"I think some antagonism exists," he says, "even if it doesn't surface often."

"However, my own style is to discuss something rather than take a hard and fast position or try to shove something down their throats."

He pauses and gives the subject a little thought.

"I think this is a factor," he says.

"I don't think I create hostility."

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# BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN  
Associate Editor

## Job Noise Rules Could Cost Companies Billions

Listen for a lot of racket about quiet this month in Washington as the Occupational Safety and Health Administration holds public hearings on its controversial proposed job noise rules.

OSHA, which first announced these standards for the workplace in October, 1974, has been obliged to extend the period for written public comment twice, the last time to March 21. More than 1,000 comments flooded the agency.

One key point of contention is a sound-level standard. OSHA proposes 90 decibels, while the Environmental Protection Agency and organized labor argue for a quieter, 85-decibel level.

Meanwhile, business has voiced objec-

tions to OSHA's intransigence on the use of earplugs. The agency wants noise engineered out of machines, a step which often would be extremely costly, and argues that earplugs aren't a suitable substitute.

The Labor Department estimates it would cost industry \$13 billion to comply with a 90-decibel standard. Private experts say the total for all business would be much higher. Pointing out that a study on which the department's estimate was based pertained only to manufacturers, they say employees of such firms comprise about one third of those who would be affected.

Adoption of an 85-decibel standard, the private experts estimate, would at least double and possibly triple costs.

## Will Government Switch to Spurring More Investment?

Treasury Department economists have completed a study that may have a significant influence on government policies toward private investment.

They find that the U.S. ranking in real economic growth over the past 13 years has been the lowest among the industrialized nations because a relatively small share of our output has been allocated to investment.

As a result, the government economists note, there has been a lower rate of advance in the living standard of the average U.S.

consumer, compared to his counterparts in other industrialized nations. Too, the lag in physical investment has created shortages in basic materials industries, thus limiting job opportunities during periods of economic expansion, the economists say.

They conclude that the implications point to the encouragement of capital formation and flow of capital into productive channels by minimizing tax barriers to investment and to use of accounting that adjusts earnings for capital's replacement cost.

## Humphrey's Federal Track System May Be Down the Line

If another solution isn't found to the problem of rejuvenating a lot of the deteriorating railroad trackage around the country, there may be an Interstate Railroad System in our transportation future.

Sen. Hubert H. Humphrey (D.-Minn.) and Rep. Andrew Maguire (D.-N.J.) favor such a system. They have jointly introduced a bill, entitled Railroad Rehabilitation and Recovery Act of 1975, that would authorize the Secretary of Transportation to designate a nationwide system, acquire the tracks, and then maintain them with proceeds from user fees charged the former owners.

Sen. Humphrey says the system would initially include about 50 percent of the

nation's rail trackage, which carries about 80 percent of the traffic. If a railroad wants to retain tracks and roadbeds designated as part of the system, it would have to maintain them at a level that meets basic federal quality standards: Safe and smooth passage of freight trains at up to 60 miles per hour or at higher speeds as required.

To run the system, the two legislators propose establishing an Interstate Railroad Administration. The federal government would replace states' lost tax money, which Sen. Humphrey estimates at around \$250 million yearly. To fund the track rehabilitation, Congress would provide \$500 million annually for six years.



## Credit Contracts May Never Be The Same Again

The Federal Trade Commission is turning its attention to what it considers unfair consumer credit practices, and if it adopts a regulation it now favors, many contract forms may have to be revamped.

Among contract provisions in FTC's unfair category are waiver of or limitations on exemptions of property from attachment, assignment of wages, provisions which require the consumer to pay attorney's fees for the creditor in the event of default, and others dealing with late-payment charges.

The new rule would have contracts stipu-

late that debtors be credited with the fair retail value of any property which is repossessed and that creditors will not contact any person other than the debtor, or the debtor's spouse or attorney, in the course of collecting.

It also would set requirements on all co-signer agreements where the cosigner is not the principal debtor's spouse. For example, the cosigner's liability would be limited to the total of payments owed by the principal debtor at the time the cosigner becomes obligated.

## Outlook Brightens For Metric System Changeover

Persistence and compromise appear to have improved chances for passage this year of legislation to coordinate and mold a voluntary program of converting the nation to the metric system.

A strong candidate will be a Ford administration bill, the Metric Conversion Act of 1975, resubmitted to Congress in time for scheduled hearings by a subcommittee of the House Committee on Science and Technology.

To overcome objections by some small businesses and labor unions to a similar bill that stagnated in the 93rd Congress, the administration eliminated a requirement for conversion during a ten-year time span.

The changeover would now take place over a period agreeable to all sectors of the economy.

A 25-member board, after consultation with all concerned, would fashion a schedule that would take into account various views and conversion costs.

Acting Secretary of Commerce John K. Tabor noted when the bill was resubmitted that it would make the nation "predominantly, although not exclusively, metric."

This approach is seen as more palatable to small business interests. Less opposition on such issues as costs of tools for some workers is expected from labor unions, which helped prepare the revised bill.

## Farms Will Produce More With Less

U.S. farms will produce more food ten years from now and burn no more fuel than today. This prediction comes from the U.S. Department of Agriculture, which sees farmers using only about one percent more acreage.

The big reason for the higher productivity is the continuing switch to diesel-powered machinery, which does as much work with three gallons of fuel as gasoline-powered machinery does with four.

Other factors in the anticipated increased

yields are improved crop varieties and greater use of irrigation.

The Agriculture Department estimates that, through better productivity and a one percent increase in harvested acreage, the U.S. in 1985 will be able to produce 36 percent more beef and veal, a third more chickens, 50 percent more turkeys, and ten percent more pork and eggs—the amount needed to meet projected demand for those foods then.

## ICC Wants a Heavier Load of Information From Carriers

With public disclosure the name of the game these days in Washington, the Interstate Commerce Commission has jumped on the bandwagon.

It has announced proposed regulations that will require more information from firms operating under its jurisdiction—specifically on corporate structure, stock ownership, interlocking corporate relationships, and debt holdings.

ICC says this new data will tell it and the public who really owns or controls a railroad, trucker, or other surface carrier. For one thing, it says, more information on the

holders of significant blocks of stocks will help identify voting power. It cites a Senate study which found that in many cases owners are listed under "street names" or not reported at all.

The agency wants data on the business activities of directors because of those activities' possible effects on companies it regulates. And it wants information on restrictive covenants in loan indentures—which carriers do not now report—because, ICC explains, major creditors can limit normal corporate activities through contractual restrictions.



## How Congress Adds To Your Business Problems —And How to Stop It Now

A HUNDRED PEOPLE cashing checks on the same bank account, with none of the hundred knowing the balance in the account or the amount of the checks the others are cashing.

That analogy was once used to describe the incredible procedure that saw more than a dozen spending bills handled individually in Congress each year without reference to each other or to total figures for income and outgo.

The Budget Reform Act of 1974, passed with strong backing from the business community, is putting an end to that crazy-quilt arrangement. Spending bills will henceforth be processed in terms of total income and outgo.

Congress deserves high marks for taking that historic step.

And Congress should now turn its attention to another crucial area where it continues to act without regard to total impact—namely, legislation affecting business.

The House has 16 committees and the Senate has 14 which, acting independently of each other, handle legislation that affects business. Measures that reach the floor are taken up individually—new tax policy in March, for example; a higher minimum wage in April; stiffer antipollution laws in May; tougher consumer legislation in June; additional job-safety demands in July; more reporting requirements in August; and so on throughout the legislative year.

While Congress deals with business legislation in that fragmented manner, the impact at the other end of the line is the sum of the parts.

Individual businesses must assume all the added costs and meet all the added requirements scattered through bills Congress passes one by one without regard to each other.

The result is often unavoidable price increases—in other words, government-mandated inflation.

Congress needs to set up procedures for continual appraisal of business-related legislation in terms of its total impact and could do so quickly.

Its long-established Joint Economic Committee—the congressional counterpart of the President's Council of Economic Advisers—has the expertise to take on this responsibility.

Congress, to its credit, recognized the serious problems that resulted from a piecemeal approach to budgeting. Congress can now come to the same conclusions about the manner in which 30 separate committees deal with business legislation.



## The Dodge medium-duty Kary Van.

You can order a road-ready Kary Van with a choice of six body sizes from 12 feet to 22 feet, and six wheelbases from 157 inches to 221 inches. There's a Kary Van that's just as big as your job. And Dodge Kary Vans help hold down operating costs with features like these.

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Our 318 V8 is big enough to take on some surprisingly big jobs, yet small enough to pass up a lot of gas stations in the process. If you need even more muscle, we also have 361 and 413 V8s.

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Dodge has the lowest priced optional automatic transmission in the field. Add in the fact that an automatic transmission helps reduce wear and repair on the drive train, and the bottom line is savings.

### Easy service.

The hood opens almost straight up to provide easy access to major engine parts. That gives you faster servicing, which means lower labor costs, less downtime and more work time.



### Fleet Purchase Allowance.

If you own as few as ten vehicles (cars, vans, or trucks), you can qualify for an allowance direct from Chrysler Motors Corporation. And the savings are bigger now than ever before. It will be well worth your time to find out about this program. For complete information on how you can qualify for our Fleet Purchase Program, see your Dodge Dealer.

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Built to  
lower the  
cost of doing  
the job.**

## The Dodge light-duty Kary Vans.

These vans are slightly smaller, but still big enough to haul quite a load. They measure in with a cargo box 10 feet or 12 feet in length, 79.8 inches in width, and 6 feet, 2 inches in height. On either a 127-inch or 145-inch wheelbase. And they're nobody's little brothers, either, when it comes to money-saving ideas.

### Wide body/dual wheels.

With a box that's 93.8 inches wide sitting on big dual rear wheels, this brawny Kary Van option can put a big payoff in every payload.

### Electronic Ignition.

Cuts frequency and cost of tune-ups. Reduces recommended spark plug changes under normal driving conditions to once every 18,000 miles. Gives quick, sure starts in almost any weather. All that means less time in the shop, more time on the job. Available on all North American produced Dodge trucks.

### Economical engine.

Our 225 six-cylinder engine can pull its weight with no sweat. And you don't have to worry about it using a lot of gas. For bigger jobs we also have 318 and 360 V8s.





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enough to  
make me  
decide one  
of two things:  
quit or smoke True.



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Think about it.

100's Menthol, 12 mg. "tar", 0.7 mg. nicotine, av. per cigarette, by FTC method.  
King Regular, 11 mg. "tar", 0.7 mg. nicotine, av. per cigarette, FTC Report Oct. '74.

Warning: The Surgeon General Has Determined  
That Cigarette Smoking Is Dangerous to Your Health.

